



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 23RD JANUARY 2020 AT 6.00 P.M.

COMMITTEE ROOM 2 - PARKSIDE

MEMBERS: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), S. J. Baxter, A. J. B. Beaumont, S. G. Hession, J. E. King, A. D. Kriss, C. J. Spencer, K. J. Van Der Plank and Cypher (Parish Councils' Representative)

Parish Councillors: Councillor J. Cypher

AGENDA

1. Apologies for Absence and Named Substitutes
2. Declarations of Interest and Whipping Arrangements

To invite Councillors to declare any Disclosable Pecuniary interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 10th October 2019 (Pages 1 - 14)
4. Monitoring Officer's Report (Pages 15 - 18)
5. External Audit - Progress Report (Pages 19 - 34)
6. External Audit - Housing Benefit Report (Pages 35 - 40)
7. Internal Audit - Progress Report (Pages 41 - 78)
8. Health and Safety Audit (verbal update regarding the attached documents) (Pages 79 - 102)
9. Internal Audit Plan 2020 - 2021 (Pages 103 - 112)

10. Financial Savings Monitoring Report June to September 2019 (Pages 113 - 116)
11. Risk Champion - Verbal Update Report (Councillor K. Van Der Plank)
12. Audit, Standards and Governance Committee Work Programme (Pages 117 - 118)

K. DICKS
Chief Executive

Parkside
Market Street
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15th January 2020

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY, 10TH OCTOBER 2019, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), S. J. Baxter, M. Glass (substitute), J. E. King, A. D. Kriss, C. J. Spencer and K. J. Van Der Plank

Invitees: Councillor J. Cypher (Parish Councils' Representative) and Richard D. Percival, Engagement Lead, Grant Thornton

Officers: Ms. J. Pickering, Mrs. C. Felton, Mr. A. Bromage and Mrs. P. Ross

18/19 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillors A. J. B. Beaumont, with Councillor M. Glass present as substitute.

19/19 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

20/19 **MINUTES**

Councillor L. C. R. Mallett took the opportunity to express his sincere thanks to Committee Members for their confidence in voting and electing him as Chairman of the Audit, Standards and Governance Committee for the municipal year 2019/2020.

The minutes of the meeting of the Audit, Standards and Governance Committee held on 30th July 2019 were submitted.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 30th July 2019 be approved as a correct record.

21/19 **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Monitoring Officer presented the report which covered activity since the last meeting. There had been no new Member complaints and there were none outstanding.

The Monitoring Officer drew Members' attention to paragraph 3.4 in the report and highlighted the sessions that had been planned for October 2019 as part of the phased Induction Programme for new Members. The

sessions, as agreed by the Member Development Steering Group, included Data Protection training, which she would encourage all Members to attend.

In response to Councillor Kriss, the Monitoring Officer clarified that with regard to the Standards regime, that co-opted members could be appointed, but that currently no co-opted members had been appointed.

RESOLVED that the Standards Regime – Monitoring Officer’s Report be noted.

22/19

CODE OF CONDUCT - UPDATE REPORT

The Committee were asked to consider a report on a Review by the Committee on Standards in Public Life (CSPL) into Local Government Ethical Standards.

The Monitoring Officer presented the report and informed the Committee that in January 2019 authorities received the Review by the Committee on Standards in Public Life (CSPL) into Local Government Ethical Standards.

The CSPL had concluded that high standards of conduct in local government were needed to protect the integrity of decision-making, maintain public confidence and safeguard local democracy.

Local authorities were currently required to have in place a code of conduct of their choosing which outlined the behaviour required of councillors. There was considerable variation in the length, quality and clarity of codes of conduct. This created confusion among members of the public, and among councillors who represented more than one tier of local government. The CSPL report records that many codes of conduct fail to address adequately important areas of behaviour such as social media use and bullying and harassment.

There were, however, benefits to local authorities being able to amend and have ownership of their own codes of conduct. The committee recommended that the updated model code that they intended to propose should therefore be voluntary and able to be adapted by local authorities. The committee also recommended that the scope of the code of conduct should also be widened, with a rebuttable presumption that a councillor’s public behaviour, including comments made on publicly accessible social media, was in their official capacity.

The Worcestershire Councils to date had already taken the decision to agree a Code of Conduct that was used by all such Councils, for consistency and to assist Councillor’s that, due to multiple roles, were subjected to the Code of Conduct of more than one authority. It was this Code of Conduct previously agreed by all Worcestershire Councils that had been updated, as detailed in Appendices 1 and 2 to the report, in order to reflect the recommendations in the CSPL report.

The Monitoring Officer highlighted that at the Council's Constitution Review Working Group meeting, Members requested the following:

- That the 'Gifts and Hospitality' threshold be reduced to £15 and that the Monitoring Officer requested that the rest of the county followed suit. The rationale being that a drink and plate of food could be accommodated within a £15 threshold;
- That 'Trolling' be included under 'Bullying and Harassment'. 'Trolling' related to a deliberate act of making random, unsolicited and/or controversial comments on various internet forums.

The Monitoring Officer concluded that a collective agreement had been reached, whereby the Worcestershire Councils had agreed to take the amendments, as detailed in the preamble above, to their respective authorities.

In response to Councillor Cypher and Councillor Baxter, the Monitoring Officer agreed to inform the Executive Officer, Worcestershire County Association of Local Councils (CALC) of the Worcestershire Councils proposed Code of Conduct.

RECOMMENDED that subject to the amendments, as detailed in the preamble above, as requested by the Council's Constitution Review Working Group, that Council approve the changes to the Code of Conduct; to reflect the Committee on Standards in Public Life (CSPL) Best Practice Recommendations.

23/19

BENEFITS AND COMPLIANCE UPDATE REPORT 2019/2019

The Executive Director, Finance and Resources presented the report for April to June 2019/2020. The report detailed the savings delivered for the first quarter against those identified in the Medium Term Financial Plan (MTFP).

The Council's External Auditors, Grant Thornton, had recommended that the delivery of savings be monitored more closely to ensure that the Council was meeting savings in the way that was expected when the budget was set.

The Executive Director, Finance and Resources gave Members the reassurance that savings were well on target.

In response to questions on vacancy savings, the Executive Director, Finance and Resources informed the Committee that business critical staff vacancies were filled.

Councillor Baxter commented that Council Tax income was not shared across all preceptors, and that future reports should show that Council Tax income was shared across major preceptors; Worcestershire County Council, the Fire and Rescue Authority and the Police Authority.

RESOLVED that the Benefits and Compliance Update Report for 2018/19 be noted.

24/19

GRANT THORNTON ANNUAL AUDIT LETTER 2018/2019

Members were presented with the Grant Thornton Annual Audit Letter for the 2018/19 financial year, which summarised the key findings arising from the work carried out at the Council for year ended 31st March, 2019.

Mr. Richard Percival, Engagement Lead, Grant Thornton informed Members that Grant Thornton were required to provide an annual audit letter.

Members' attention was drawn to page 59 of the main agenda pack, which provided the Executive Summary and details on the work carried out by Grant Thornton. Mr. Percival explained that work on the Council's Housing Benefit subsidy claim was not yet complete; the deadline date was 30th November 2019, but he was hoping to finalise before the deadline date.

It was reported that unqualified opinions were given for the accounts and Value for Money Judgements. Officers acknowledged that there remained financial pressures for the Council and that these would be considered as part of the Medium Term Financial Plan (MTFP).

Members raised several questions on the Grant Thornton fee for 2018/19, more specifically the additional £8k which related to additional work undertaken. An explanation of the additional work undertaken was detailed on page 65 of the main agenda report.

In response Mr. Percival commented that things had slipped back a bit, with many changes repeated from the previous year; however, the Executive Director, Finance and Resources and the finance team now had a clear grip of what was required for 2019/2020.

The Executive Director, Finance and Resources further stated that a lot of resources had been allocated in order to close the previous year's accounts. Officers thought they could achieve a better result this year, but the Asset Management spreadsheets proved to be limited and weak. She would reassure Members that new spreadsheets were now in place, which officers would go through with Grant Thornton. The Executive Director, Finance and Resources informed the Committee that having spoken with other treasurers across the County, she had been made aware that they had incurred additional charges in their fees, due to an increase in audit work.

Mr. Percival further commented that in terms of a broader context it had been a mixed year, with some authorities having stated that they had struggled to maintain momentum with the pressure on resources due to a significant increase in assets. Grant Thornton would continue to work with

the Executive Director, Finance and Resources and the finance team to reduce the amount of any possible future additional work.

In response to further questions and reassurance sought from the Committee, the Executive Director, Finance and Resources, stated that resources were now in place and that there was a specific timetable for next year's accounts. The new finance system would not go live until after the 2019/2020 end year accounts in order to avoid any possible disruption. The new finance system would go live in June / July 2020.

In response to further questions from Members, Mr. Percival stated that the Council was currently in a sound financial position. Grant Thornton would continue to focus on financial stability, whilst being aware of the roll over for this year and the challenges that the Council would continue to face in the future. The Council had reserves for at least three years, he would be less confident if those reserves were low in the future.

The Executive Director, Finance and Resources further commented that the MTFP for the year going forward had to be a balanced budget, with a 4 year plan, maintaining a reserve balance level that Members had approved. There were various uncertainties and Members would have to make some difficult future decisions. It was understood that the New Homes Bonus (NHB) community grant funding would be received in 2020/2021 but it was expected that this would only be for one year without the further 4 years as previously anticipated.

In response to questions with regard to the impact of the future pension strain, Mr. Percival explained that at the Council's request the actuary had re-run the valuation report with their best estimate of the impact re McCloud. Authorities had had a huge number of significant liabilities on their balance sheets. Members should note that the estimated figure of current pension liability would be susceptible to any changes in rates.

The Executive Director, Finance and Resources, further responded with regards to the pension strain and in doing so explained that the percentage rate as agreed with the actuary would be included in the financial projections for the following 3 years.

RESOLVED that the Grant Thornton Annual Audit Letter 2018/19, as detailed at Appendix 1 to the report, be noted.

25/19

INTERNAL AUDIT PROGRESS MONITORING REPORT

The Head of Internal Audit Shared Services presented a report that informed the Committee on Internal Audit's performance for the period 1st April 2019 to 31st August 2019.

The Head of Internal Audit Shared Services asked the Committee to note that the report had been written at the end of August and that he would provide a verbal update where required.

Agenda Item 3

Audit, Standards and Governance Committee
10th October 2019

Members' attention was drawn to page 79 of the main agenda pack and the 'Summary of Assurance Levels', more specifically the audits with a 'limited' assurance level. It was highlighted that all 'limited' assurance reviews went before the Corporate Management team (CMT) for full consideration, with any potential risk to the Council and how to mitigate those risks.

The Head of Internal Audit Shared Services further informed the Committee that a follow up would be conducted on all of the actions, as detailed at Appendix 3 to the report, to ensure they had been implemented in order to provide a satisfactory control of the risks identified.

Following a lengthy debate, the Executive Director, Finance and Resources and the Head of Internal Audit Shared Services, responded and provided clarification to Members on the following items:-

- DWP Intervention – Processing times for new housing benefit claims, council tax Support claims. The DWP intervention was withdrawn on 16th September 2019. The DWP were no longer concerned and had complimented the work of the benefits team with addressing their initial concerns. Members were asked to note that additional management support to officers had been provided and that an interim management structure had been put in place to support the concerns raised by staff and the DWP. The processing times for new claims had significantly decreased, with processing times well within the average processing time.
- Health and Safety – A Senior Health and Safety advisor had been appointed, who had formulated a comprehensive and robust action plan to address the points raised in the audit. There would be a planned follow up audit in quarter 4.
- Risk Management – Zurich had been commissioned to assist with the compilation of the corporate risk register during October 2019.
- Transport – Untaxed vehicles, it was clarified that there was only one untaxed vehicle.
- What was in place for a potential terrorist attack?

Members expressed their concern with the number of audits with a 'Limited' assurance level. It was agreed that the Corporate Management Team (CMT) be asked to provide an action plan, which would include timescales for 'Limited' assurance level audits.

Although Members were mindful that a considerable amount of the findings detailed on the Health and Safety audit had been actioned, they had concerns that the Health and Safety (H & S) audit had highlighted that basic health and safety checks had not been in place. Members were of the opinion that H & S should be fully embedded in the Council, with an ethos on health and safety. The CMT was charged with and accountable for health and safety, effective leadership for Health and Safety was fundamental. The H & S audit had highlighted that the CMT appeared to be somewhat adrift from their corporate H & S responsibilities.

Agenda Item 3

Audit, Standards and Governance Committee
10th October 2019

The Executive Director, Finance and Resources agreed to discuss the concerns raised by Members with the CMT.

The Executive Director, Finance and Resources responded and stated that lessons had been learnt in relation to Health and Safety issues. However, she would reassure Members that the appointed Senior Health and Safety advisor was fully aware of the audit findings; and as Members had already noted, a consideration amount of the findings had been addressed. A follow up audit would be conducted in quarter 4 and she would assure Members that the aim was for the assurance level to be improved.

The Head of Internal Audit Shared Services acknowledged the Committee's comments that, the audit reports were somewhat difficult to navigate; and agreed to take this into account for future audit reports.

The following actions were agreed by the Committee:

- Page 90 of the main agenda report - "There was a high risk item set in 2016 which was not complete as of 11th June 2018. Review date stated mentions 2019". The Executive Director, Finance and Resources to provide Committee Members with more detail.
- Any 'Limited' assurance audits that have taken place, information to be provided to Committee Members.
- The relevant Head of Service to be invited to attend any future meetings where a 'Limited' assurance level was given.
- The CMT to provide an action plan, to include timescales for 'Limited' assurance level audits.
- Terrorist attack - include on the Corporate Risk Register.

RESOLVED that the Internal Audit Progress Report be noted.

26/19

FINANCIAL SAVINGS MONITORING REPORT APRIL - JUNE 2019/2020

The Executive Director, Finance and Resources presented the Financial Savings Monitoring Report for 2019/20. In doing so she highlighted the savings of £332k which had been delivered in the financial year. It was also noted that the Council's External Auditors, Grant Thornton had recommended that these savings be more closely monitored and this was reflected in the report.

The Executive Director, Finance and Resources reassured the Committee that savings were on target.

In response to questions from Members with regard to vacancy savings and staff being put under pressure; the Executive Director, Finance and

Resources informed the Committee that there was currently a freeze on recruitment; however, any business critical vacancies would be filled.

RESOLVED that the final financial position for savings for April to June 2019/20, as presented in the report and as detailed at Appendix 1 to the report, be noted.

27/19

RISK MANAGEMENT REVIEW

The Executive Director, Finance and Resources presented a report on the Risk Management Review and in doing so informed the Committee that the review had that there was evidence that the Council took the management of risk to its objectives seriously and some key stakeholders recognised the value that the risk management framework brought to the organisation.

However, the review found that there was not a consistent approach to robust risk management processes.

Three priority areas were identified by Zurich:-

- Improve the link between performance and risk by developing the role of the Cabinet and Portfolio Holders within the Risk Management framework to include consideration of, and input into, Strategic and Service Level Risk whilst being conscious of releasing such information into the public domain.
- Provide greater direct support to Departmental management teams to build a robust risk profile and support the embedding of effective risk management practices.
- Improve the level of risk management capability and awareness across Member and Officer groups, tailored to needs. Possibly supported by the establishment of a Risk Management Group.

A session with the Corporate Management team had been undertaken in order to go through the recommendations from Zurich and a further session had been set up to risk appetite. The risk management group has been re-established and an action plan to address the recommendations was being developed and would be presented to future meetings of the Committee. Training had been agreed with Zurich and was due to be delivered to 4th tier managers in October 2019.

RESOLVED that current review of risk management arrangements being undertaken, be noted.

28/19

RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR VAN DER PLANK)

Agenda Item 3

Audit, Standards and Governance Committee
10th October 2019

Councillor Van der Plank provided the Committee with a verbal update, as her role of Risk Champion, as detailed at Appendix 1 to the minutes. The following was noted:

Risk Strategy and Management Processes – Headline Summary

It was noted that Members had been updated on the recent Risk Management Review undertaken by Zurich and the findings of that review, during the course of the meeting.

That the Risk Steering Group be renamed as the Risk User Group. Risk Champions meetings to be made a higher priority, as meetings were frequently cancelled.

Current top 5 strategic risks need reviewing and updating, they have not be updated for some time and should include terrorist attacks, as suggested by Councillor Kriss.

Emergency Planning, Business Continuity response plan & communication strategy had worked really well.

Members commented that the update was really well aligned with the findings of internal audit.

The Chairman thanked Councillor Van der Plank for her detailed update.

The Executive Director, Finance and Resources also expressed her thanks and thought that the update would be insightful for officers.

29/19

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

Members considered the Audit, Standards and Governance Committee's Work Programme for 2029/20.

It was noted that the Council's, Senior Health and Safety advisor be invited to attend the next meeting of the Committee.

The Executive Director, Finance and Resources agreed to provide the Committee with more information on the Council's Brexit strategy. Members were informed that the Deputy Chief Executive & Executive Director, Redditch Borough & Bromsgrove District Councils was the lead officer with regard to Brexit.

RESOLVED that the Audit, Standards and Governance Committee's Work Programme for 2019/20, be updated to include the items discussed and agreed during the course of the meeting.

The meeting closed at 7.54 p.m.

Chairman

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Risk Champion Update Report – September 2019

Overview

For the purpose of this role, I will focus on a different area to report back on at each meeting, as follows:

1. Risk management strategy and processes - Overview
2. Risk management by area: Environmental Services, Community Services
3. Risk management by area: Leisure, Planning, Business Transformation /IT
4. Risk Management by area: Legal & Democratic services, Finance, Corporate

Risk Strategy and Management Processes – Headline Summary

- A recent review by Internal Audit and Zurich Insurance have identified that current risk management is not of a consistent nature and needs improvement. However, it has been reported that some of the gaps and weaknesses have already been identified and remedial plans are currently being developed to address these. So this is encouraging but we cannot be complacent
- Risk management seems to have suffered through lack of resource. Plans are in place to address this with a new Insurance and Risk Manager appointed and a Risk Steering Group and departmental Risk Champions recently established but this needs monitoring
- Compliance with the management of risk is an area of concern. Some basic processes for managing and reviewing risk are in place but not being adhered to, consistently, across the organisation. Risk management activities seem to take low priority for example, risk champions meetings are frequently cancelled to focus on other issues. Risk management needs to be made a higher priority across the organisation.
- Current top 5 strategic risks need reviewing and updating: some are very broad and external landscape has changed and this needs reflecting
- Once the new strategy and processes are developed, training will be required to ensure these are properly embedded as well as tighter review and audit processes as these are lacking at the moment

Key Observations / Findings

Risk Management Processes

- With the exception of business continuity/ emergency planning management where accountabilities are clear and the process seems to work well, all other aspects of risk management require improvement. The review by Zurich as well as the internal audit both highlight this and make a number of recommendations for improvement which are timetabled to be addressed in the autumn. This should be monitored to ensure these actions happen

Agenda Item 3

- Overall responsibility for risk management sits with the Director of Finance and Resources and has lacked the focus it requires due to capacity. A new post, Insurance and Risk Manager, has recently been created (starts November) and should enable improvement but this needs monitoring to ensure sufficient resource is allocated
- In theory, Heads of Service manage their own risk register and action plan but the quality and frequency of review seems to be patchy and there is no clear audit trail or checks that this happens. The reports have identified that there are services who manage their risks well within the Council however this is not consistent across the Council
- A risk management steering group was established approx. 4 months ago, made up of 'Risk Champions' from each department. This is a positive step forward, but needs further work to embed it. So far, some of the meetings have been cancelled and participants need more training on risk management processes.

Identifying and categorising risk

- The current key strategic risks are broad and require updating. More focus is needed on external horizon scanning and ensuring this is reflected into our risk planning (eg implications of Brexit, Universal Credit, cyber threats etc)
- More work needed with Heads of Service / Senior Managers to ensure they review and plan for risk more thoroughly and more regularly. A stronger audit trail is needed as well as more regular checks that risk management processes are happening consistently throughout the organisation

Training and supporting staff

- More training is needed across all parts of the organisation to ensure understanding. This includes senior managers and elected members especially Cabinet, Portfolio Holders and relevant committee members.
- Wider staff briefing / training is needed too. There have been big improvements in workplace Health and Safety over the last 18 months which has been really positive and something to build on. Using a similar approach, there is an opportunity to encourage all staff, including operational and admin teams, to report risks (currently H&S reporting tends to be more physical risks such as trip hazards, but this could be expanded to wider corporate risks)

Emergency Planning, Business Continuity response plan & communication strategy

- There seem to be clear contingency plans, including key responsibilities, in place for dealing with a emergency or incident
- Several examples were provided of previous major incidents and in each occasion the process had worked well. It was also really positive to learn that after each incident a formal review was carried out to identify any learnings to factor in for future incidents

Leadership

- Historically, there has been a risk strategy but this is out of date and doesn't seem to be in use. There doesn't seem to be much strategic focus from Directors, Heads of Service or Elected Officers around risk management or strategy. For example, discussions and decisions around issues such as the organisational appetite for risk don't seem to have happened. More focus and leadership from the senior team is needed

Agenda Item 3

- The senior team also need to support their teams creating a stronger risk culture within the organisation, making this a higher focus/ priority and ensuring compliance, during their departmental team meetings. This would help change the current culture where risk management is at the bottom of everyone's priorities

Kate Van der Plank September 2019

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23rd January 2020

MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro (for Governance)
Portfolio Holder consulted	No
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services and Monitoring Officer
Wards affected	All Wards
Ward Councillor consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Standards and Governance Committee since the last meeting of the Committee in October 2019.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 1.3 Any further updates arising after publication of this report, including any relevant standards issues raised by the Parish Councils' Representative(s), will be reported on orally by Officers/the Parish Representative(s) at the meeting.

2. RECOMMENDATION

That, subject to Members' comments, the report be noted.

3. KEY ISSUES

Financial Implications

- 3.1 There are no financial implications arising out of this report.

Legal Implications

- 3.2 The Localism Act became law on 15th November 2011. Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') introduced a new standards regime effective from 1st July 2012. The Act places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23rd January 2020

allegations can be made. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 were laid before Parliament on 8th June 2012 and also came into force on 1st July 2012.

Service / Operational Implications

Member Complaints

- 3.3 There have been three parish council complaints, two of which have been resolved and the third is currently ongoing.

Member training

- 3.4 There has been no further training events held since the previous report. A repeat of the Code of Conduct training, carried out earlier in the year has been arranged for 29th January 2020.
- 3.5 Both the Member Development Steering Group and the Constitution Review Working Group continue to meet regularly.
- 3.6 The Member Development Steering Group is continuing to carry out a review of Members' use of IT equipment and its suitability and has looked at the new Member Induction Programme and any improvements which can be made to it, including the provision of appropriate training sessions.
- 3.7 The Constitution Review Working Group continues to review behaviours at meetings, supplementary questions and regularly reviews the scheme of delegations. It has also recently discussed the timings for submission of both questions and notices of motion.
- 3.8 The Constitution Review Working Group continues to working very effectively in enabling constructive changes to the constitution to be made and in keeping all Members informed.

Customer / Equalities and Diversity Implications

- 3.9 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23rd January 2020

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

5. APPENDICES

None.

6. BACKGROUND PAPERS

Chapter 7 of the Localism Act 2011.

AUTHOR OF REPORT

Name: Claire Felton

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GRANT THORNTON – Sector report and audit progress update

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

To present a sector update report from Grant Thornton relating to emerging public sector national issues and audit progress to date.

2. RECOMMENDATIONS

2.1 The Committee is asked to note updates as included in Appendix 1.

3. KEY ISSUES

Financial Implications

3.1 There are no financial implications arising out of this report.

Legal Implications

3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

3.3 The report attached at Appendix 1 updates Members on the progress on work undertaken by Grant Thornton since the last Committee meeting. In addition the appendix includes updates and links to National Issues and Grant Thornton Publications in relation to issues that are relevant to Local Government at the current time.

3.4 Officers are continuing to work with the auditors to ensure the Council meets its statutory financial obligations

Customer / Equalities and Diversity Implications

3.5 There are no implications arising out of this report.

4. RISK MANAGEMENT

4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 - Grant Thornton Report

6. BACKGROUND PAPERS

None

7. KEY

N/A

AUTHOR OF REPORT

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Audit Progress Report and Sector Update

Bromsgrove District Council
Year ending 31 March 2020
Page 21
23 January 2020



Contents

Section	Page
Introduction	3
Progress at January 2020	4
Audit Deliverables	6
Sector Update	7

Introduction



Richard Percival

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This paper provides the Audit, Standards & Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



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Members of the Audit, Standards & Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at January 2020

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 31 July 2019, and issued our certificate, closing the audit on the same date.

We began our planning for the 2019/20 audit in December and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in January 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

In previous years our Audit Findings Reports have highlighted to the Audit, Standards & Governance Committee the challenges we, and officers, have faced in completing our audit work by the earlier deadline of 31 July. In order to ensure that our staff and Council officers are not placed under excessive pressure to complete the audit by this deadline we have agreed with your Director of Finance and Chief Executive that for 2020 we will report our work and aim to give our opinion on the Statement of Accounts by a later date, which is to be agreed with Officers.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

As noted in the adjacent column, we will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by a date which is to be agreed with officers.

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Progress at January 2020 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim was completed on 27 November, in advance of the 30 November deadline. Our report is included on the agenda for the January Audit, Standards & Governance Committee meeting.

Meetings

We met with Finance Officers in November as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in November to discuss the Council's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers will be invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit, Standards & Governance Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit, Standards & Governance Committee.	July 2019	Complete
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Complete
2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit, Standards & Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	March 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit, Standards & Governance Committee.	TBC	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	TBC	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	TBC	Not yet due

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”



In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.

The terms of reference focus on whether there is an “expectation gap” between the purpose of external audit and what it is currently delivering. It will examine the performance of local authority audit, judged according to the criteria of economy, effectiveness and efficiency.

Other key areas of the review include whether:

- 1) audit recommendations are effective in helping councils to improve financial management
- 2) auditors are using their reporting powers appropriately
- 3) councils are responding to auditors appropriately
- 4) Financial savings from local audit reforms have been realised
- 5) There has been an increase in audit providers
- 6) Auditors are properly responding to questions or objections by local taxpayers
- 7) Council accounts report financial performance in a way that is transparent and open to local press scrutiny

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Page 25 Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)


Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation closed on 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>


<p>Consultation response by the National Audit Office</p>
<p>Local audit in England Code of Audit Practice</p>
<p>Issues paper: Consultation response</p>

Financial Reporting Council – Summary of key developments for 2019/20 annual reports

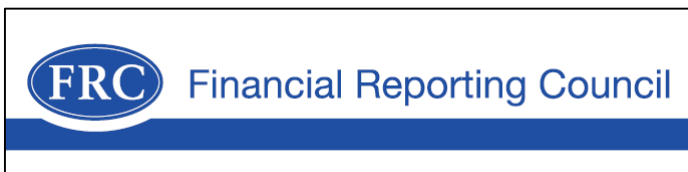
On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, “In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty.” These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

The FRC wrote “More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions.” Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.



IFRS 16 Leases

The FRC letter notes “IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

- Clear explanation of the key judgements made in response to the new reporting requirements;
- Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;
- Clear identification of practical expedients used on transition and accounting policy choices; and
- Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, ‘Leases’, the previous standard and lease liabilities under IFRS 16.”

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.



What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal “Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it’s critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future.”

Paul goes on to write “Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government’s austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

- 1) The creation of a new arm’s length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and
- 2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it’s clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

<https://www.themj.co.uk/What-is-the-future-for-audit/214769>

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

- businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment
- policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas
- Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

- 1 Prosperity
- 2 Dynamism and opportunity
- 3 Inclusion and equality
- 4 Health, wellbeing and happiness
- 5 Resilience and sustainability
- 6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

- 1 Ensure that decisions are made on the basis of robust local evidence.
- 2 Focus on the transformational trends as well as the local enablers
- 3 Align investment decisions to support the creation of sustainable growth
- 4 Align new funding to support the creation of sustainable growth
- 5 Provide space for innovation and new approaches
- 6 Focus on place over organisation
- 7 Take a longer-term view

The online report is available here:

<https://www.grantthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/>



Institute for Fiscal Studies – English local government funding: trends and challenges in 2019 and beyond

The Institute for Fiscal Studies (IFS) has found “The 2010s have been a decade of major financial change for English local government. Not only have funding levels – and hence what councils can spend on local services – fallen significantly; major reforms to the funding system have seen an increasing emphasis on using funding to provide financial incentives for development via initiatives such as the Business Rates Retention Scheme (BRRS) and the New Homes Bonus (NHB).”

The IFS goes on to report “Looking ahead, increases in council tax and additional grant funding from central government mean a boost to funding next year – but what about the longer term, especially given plans for further changes to the funding system, including an expansion of the BRRS in 2021–22?”

This report, the first of what we hope will be an annual series of reports providing an up-to-date analysis of local government, does three things in this context. First, it looks in detail at councils’ revenues and spending, focusing on the trends and choices taken over the last decade. Second, it looks at the outlook for local government funding both in the short and longer term. And third, it looks at the impact of the BRRS and NHB on different councils’ funding so far, to see whether there are lessons to guide reforms to these policies.

The report focuses on those revenue sources and spending areas over which county, district and single-tier councils exercise real control. We therefore exclude spending on police, fire and rescue, national park and education services and the revenues specifically for these services. When looking at trends over time, we also exclude spending on and revenues specifically for public health, and make some adjustments to social care spending to make figures more comparable across years. Public health was only devolved to councils in 2013–14, and the way social care spending is organised has also changed, with councils receiving a growing pot of money from the NHS to help fund services.”

The IFS reports a number of key facts and figures, including

- 1) Cuts to funding from central government have led to a 17% fall in councils’ spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.
- 2) Local government has become increasingly reliant on local taxes for revenues.
- 3) Councils’ spending is increasingly focused on social care services – now 57% of all service budgets.

The IFS report is available on their website below:

<https://www.ifs.org.uk/publications/14563>



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AUDIT STANDARDS & GOVERNANCE COMMITTEE 24th JANUARY 2020

GRANT THORNTON – CERTIFICATION WORK REPORT 2018/19

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To present Members with the Grant Certification Letter for 2018/19 from the Councils External Auditors Grant Thornton.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to note the grant certification letter 2018/19**

3. KEY ISSUES

Financial Implications

- 3.1 The total fee was £12k in relation to the audit and the work undertaken. This was a reduction from the previous year of £12k.

Legal Implications

- 3.2 Grant Thornton has a statutory responsibility to certify the claims submitted by the Council.

Service / Operational Implications

- 3.3 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. This includes certification of grant claims.
- 3.4 The auditors have certified the Housing Benefit Claim for 2018/19 relating to over £14.9m of expenditure. There were a number of issues that required further testing. It is worth noting that there is no level of materiality when auditing the housing benefit claim and therefore the errors can be minor in value but require further testing. The auditors have reported in their letter that they have seen improvements in the workbook production and a reduction in the number of errors made following training and support that has been given to the teams.

AUDIT STANDARDS & GOVERNANCE COMMITTEE 24th JANUARY 2020

Customer / Equalities and Diversity Implications

3.5 There are no implications arising out of this report.

4. RISK MANAGEMENT

4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 – Grant Thornton Certification Letter 2018/19

6. BACKGROUND PAPERS

Individual internal audit reports.

AUTHOR OF REPORT

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Grant Thornton

An instinct for growth™

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13 December 2019

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Dear Jayne

Certification work for Bromsgrove District Council for year ended 31 March 2019

We have been appointed by the Council to certify the Housing Benefit subsidy claim submitted by Bromsgrove District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified the Housing Benefit subsidy claim for the financial year 2018/19 relating to subsidy claimed of £14.9 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention.

There was one lot of additional testing arising from errors found in the previous year. This related to the incorrect input of earnings. Our testing of an additional 40 cases identified seven errors.

Our initial testing of 20 cases identified seven errors, resulting in two further lots of 40 cases being tested, and two issues where additional testing was not undertaken, but the issue reported to the Department for Work and Pensions (DWP). The additional testing identified a further seven errors.

The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The fee of £12,500 agreed for 2018/19 for the Council was based on the final 2016/17 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. We are not proposing to vary the fee from this.

Yours sincerely

Grant Thornton UK LLP

Appendix A

Findings from certification of housing benefits subsidy claim

Workbook completion

DWP provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work which officers have completed. This reduces the cost of the work compared to auditors doing it all, and also gives officers better information on any training needs or quality issues regarding the initial claim assessments.

We are pleased to report that, this year, as last, we agreed with all of the judgements and conclusions made by officers and did not need to extend our testing.

Incorrect input of earnings

In 2016/17 we reported "Testing of an additional random sample of 40 cases identified a further 12 cases where the earnings were either not evidenced or were input onto the system incorrectly". In 2017/18 we reported "This year our additional sample of 40 cases identified eight cases which were incorrectly entered, plus one in our original sample of 20 cases. This should remain an area of focus for continued improvement in data entry." This year our additional sample of 40 cases identified seven cases which were incorrectly entered, plus one in our original sample of 20 cases. Once again, we would recommend that this is an area of focus for officers.

Amount of testing and errors found

The table below shows the number of cases tested and the number of errors found in recent years.

Year	Cases tested	Errors found	% error rate
2014-15	180	11	6
2015-16	160	12	8
2016-17	209	16	8
2017-18	100	9	9
2018-19	140	21	15

The errors found last year related solely to the incorrect input of earnings. This year, in addition, they also related to incorrect input of rent, incorrect uplift of the State Retirement Pension and incorrect classification of overpayments.

Other items reported to DWP

As noted above, there were two issues where additional testing was not undertaken, but the issue reported to the DWP.

Initial testing identified one case in which housing benefit was awarded based on the claimant having nil income when in fact the claimant was in receipt of Child Tax Credits and Child Benefit for a period of eight weeks. We were provided with a report which showed claims held on the system paid on 'nil income'. However, the claim identified from the initial testing was not listed and therefore we had no assurance that the report was complete. In line with the guidance we asked for additional testing from

the headline cell to be carried out. This request was declined. We have reported this in our letter to the DWP and understand that the Council will send a separate statement to the DWP giving further details.

Initial testing identified three cases where the Statement Retirement Pension income uplift was incorrectly applied. The Council has not carried out additional testing for this error and instead has contacted the software supplier to run an appropriate report to establish the exact total error value across all cases as opposed to extrapolating the initial testing results. The report from the supplier was not received by the end of November 2019. It is anticipated that the software fix will correct these errors in the 2019/20 benefit year.

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

THE INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF THE INTERNAL AUDIT SHARED SERVICE ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To present:
- the monitoring report of internal audit work for 2019/20.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to RESOLVE that the report be noted.**

3. KEY ISSUES

Financial Implications

- 3.1 There are no direct financial implications arising out of this report.

Legal Implications

- 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

Service / Operational Implications

- 3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

3.4 This section of the report provides commentary on Internal Audit's performance for the period 01st April 2019 to 31st December 2019 against the performance indicators agreed for the service.

3.5 Summary Dashboard:

Total reviews planned for 2019/20:	13 minimum
Reviews finalised to date for 2019/20:	4
Assurance of 'moderate' or below:	4
Reviews awaiting final sign off:	5
Reviews ongoing:	4
Reviews to be completed (Q4):	4
Number of 'High' Priority recommendations reported:	8
Satisfied 'High' priority recommendations to date:	4
Productivity:	65% (against targeted 74%)
Overall plan delivery to date:	56% (against target >90%)

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (10th OCTOBER 2019):

3.6 2019/20 AUDIT SUMMARY UPDATES:

Markets

The following area is working well;

- Market Managers knowledge of operating a market and drive to develop the Bromsgrove Market.

The review found the following areas of the system where controls could be strengthened:

- Recording of toll funds
- Policy and Procedures – Cash Handling/Financial Procedures
- Records Comply with GDPR
- Public Liability Assurance
- Reconciliation of the stalls – 17th May 2019
- Fees, Charges and incentive schemes.

There were 4 'high' and 2 'medium' priority recommendations reported.

Type of Audit: Full System Audit
Assurance: Limited
Final Report Issued: 6th September 2019

Compliments and Complaints

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

The review found the following area of the system was working well:

- There is a policy in place on the orb and website which is fit for purpose.

The review found the following areas of the system where controls could be strengthened:

- Complaints Recording Management System Issues
- Complaints process
- Compliments and Complaints Reporting
- GDPR

There was 1 'high' and '3 'medium' priority recommendations reported.

Type of Audit: Full System Audit
Assurance: Moderate
Final Report Issued: 6th December 2019

Treasury Management

The review found the following areas of the system were working well/progress had been made from the previous review:

- Cash flow management.
- Treasury Management Procedures including Reporting.
- Benchmarking of Treasury Data.

The review found the following areas of the system where controls could be strengthened:

- Ledger Coding and Reconciliation
- User Access
- iDeal Trading System
- Treasury Training

There was 1 'high' and '3 'medium' priority recommendations reported.

Type of Audit: Full System Audit
Assurance: Moderate
Final Report Issued: 18th October 2019

General Data Processing Regulations – Retention

The review found the following areas of the system were working well:

- IT system and infrastructure (Access Rights, Disposal of emails, process for leavers and new starters).

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

The review found the following areas of the system where controls could be strengthened:

- Controls of the retention schedule
- Security of Archived information
- Retention Policy

There were 2 'high' and '1 'medium' priority recommendations reported.

Type of Audit: Full System Audit
 Assurance: Limited
 Final Report Issued: 5th November 2019

Summary of Assurance Levels:

<u>Audit</u>	<u>Assurance Level</u>
2019/20	
Markets	Limited*
Compliments and Complaints	Moderate
Treasury Management	Moderate
General Data Processing Regulations – Retention	Limited*

* All 'limited' assurance reviews go before CMT for full consideration.

3.7 2019/20 AUDITS ONGOING AS AT 31st DECEMBER 2019

Audits progressing through clearance or draft report awaiting management sign off stage:

- Safeguarding (Draft Report Stage)
- SLM Contract Management (Draft Report Stage)
- Planning Application Process (s106)
- Debtors
- Creditors

Audits progressing through testing stage included:

- Main Ledger
- Council Tax
- NNDR
- Benefits

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

The summary outcome of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

A rolling testing programme on Debtors and Creditors was undertaken during quarters 1 to 3 inclusive. Testing results so far do not indicate any new or emerging risks to be brought to the attention of Committee. The rolling testing programme results are being amalgamated as at the end of quarter 3 and formal audit reports will be issued with any findings during quarter 4.

3.8 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 31st December 2019 a total of 129 days had been delivered against a target of 230 days for 2019/20.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 30th July 2019 for 2019/20.

Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.

Appendix 4 provides the Committee with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

3.9 OTHER KEY AUDIT WORK

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative over view.
- Investigations

3.10 National Fraud Initiative

There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Bromsgrove District Council. The data requirements were uploaded during October and December 2018 with any queries dealt with accordingly. Potential matches have been returned to the Authority for investigation. A further upload of Council Tax single person data and Elections is due now which will be overseen by WIASS.

3.11 Monitoring

To ensure the delivery of the 2019/20 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk. Due to changing circumstances and after consultation a small variation in the plan has been agreed on a risk priority basis with the s151 Officer e.g. refuse service scalability which was joint with Redditch Borough Council and risk management will be rolled to 2020. Additional days have been used in a couple of review areas e.g. GDPR and Markets to ensure comprehensive reviews were completed.

3.12 Quality Assurance Improvement Plan

3.13 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. Further improvement has been identified through the self assessment process which was carried out in April 2019 and a quality assurance improvement plan (QAIP) has been formulated and is reported at Appendix 5.

3.14 Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

3.15 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards (as amended). WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

3.16 WIASS confirms it acts independently in its role and provision of internal audit.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

5. APPENDICES

Appendix	1 ~ Internal Audit Plan delivery 2019/20
Appendix	2 ~ Key performance indicators 2019/20
Appendix	3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports
Appendix	4 ~ Follow up summary
Appendix	5 ~ Quality Assurance Improvement Plan

6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

7. KEY

N/a

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

APPENDIX 1

Delivery against Internal Audit Plan for 2019/20 1st April 2019 to 31st December 2019

Audit Area	2019/20 Total Planned Days	Forecasted days to the 31 st December 2019	Actual Days Used to the 31 st December 2019
Core Financial Systems (see note 1)	52	44	40
Corporate Audits	50	14	10
Other Systems Audits (see note 2)	92	53	55
SUB TOTAL	194	111	105
Audit Management Meetings	15	12	14
Corporate Meetings / Reading	5	3	4
Annual Plans, Reports and Committee Support	16	12	6
Other chargeable (see note 3)			
SUB TOTAL	36	27	24
TOTAL	230	138	129

Notes:

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme has also been introduced for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

Note 2: A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the demand can fluctuate throughout the quarters.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

APPENDIX 2

Performance against Key Performance Indicators 2019-2020

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2019/20. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2019/20 Position (as at 31 st December 2019)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = 4 plus 2 @ draft report stage	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	56%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	*65%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	8	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	4	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (nil)	Nil to report	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	4 issued 2 returns 2 'excellent'	When Audit Committee convene

WIASS delivers the internal audit programme in conformance with international standards for the professional practice of internal auditing.

* Productivity is behind target due to a number of days used for training and sickness absence.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX 3

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Definition of Priority of Recommendations

Priority	Definition
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
Medium	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
Low	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX 3

‘High’ & ‘Medium’ Priority Recommendations Summary for finalised audits.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Markets						
Assurance: Limited						
1	High (RED)	<p>Recording of toll funds</p> <p>Currently only the Market Manager accesses and updates the monthly Income spreadsheet. There is no resilience should the Market Manager not be available for work.</p> <p>This spreadsheet is used to record the fees due including any concessions given and toll money collected. There is no access control in place to protect the document although it is within a team drive with limited access.</p>	<p>Potential for resilience issue should the Market Manager not be available. Reputational damage and potential for financial loss should the toll not be collected or the wrong amount, due to concessions and incentives being applied.</p>	<p>As a minimum in order to provide resilience for the Council the spreadsheet to be explained to and used by other members of the team.</p> <p>Consideration to be given to password protecting the spreadsheet or relevant cells within the spreadsheet in order to ensure that it cannot be corrupted as this is a prime control document.</p> <p>Consideration to be given to the benefit of an on line booking system with payments being taken in advance.</p>	<p>Responsible Manager: Market Manager/Business Development Manager</p> <p>Action Plan: A training session has been set up for the Business Support Officer and Business Development Manager to go through all finance related market procedures with the Market Manager. Training will include Charging rates and fees and charges, cash receipting, cash reconciling, inputting/updating data on spreadsheets, reconciling daily and weekly income payments through the cash office and via HSBC bank during weekend banking. In the event of the Market Manager being on leave or absent due to sickness then all cash handling processes will be dealt with by the Senior Market Operative who will carry out all fee collections in the managers absence – this process will also</p>	<p>Implemented</p> <p>The Market Manager has reviewed and updated all of the Spreadsheets used.</p> <p>The Business Support Officers have been trained on all financial aspects of the Markets.</p> <p>The markets information is now kept on a secure area of the network with limited access.</p> <p>The Senior Market Operative has been trained in all cash handling procedures.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
					<p>be reconciled by the Business Support Officer or Business Development Manager weekly. The market folder inclusive of all financial spreadsheets has now been access controlled to the following personnel only: Market Manager Business Development Manager Business Support Officer (BSO) Market Manager Tudor (BS Assistant)</p> <p>Implementation Date: Training booked 1st July 2019 – Process of reconciliation to start w/c 1st July 2019 Access control on 'k' drive for market folder now in place Meetings set up for Market Manager to report the above information back to Senior Market Operative so that he is also aware of the process.</p>	
2	High (RED)	<p>Policy and Procedures – Cash Handling/Financial Procedures</p> <p>The Market Manager was not aware of the Council's Financial Regulations and did not know if this has been shared with his team prior to him joining Bromsgrove District</p>	<p>Potential for fraud, reputational damage and financial loss if cash is not kept secure.</p>	<p>To make all officers handling cash aware of the Council's Financial Regulations and then to have an overall policy that contains the general principals of the cash handling procedures but allowing for discretion where it is necessary for the needs of</p>	<p>Responsible Manager: Market Manager with support from Business Development Manager</p> <p>Action Plan: Market Manager has now received a copy of the financial</p>	<p>Partially Actioned</p> <p>The Market Manager has now received a copy of the Financial Regulations and is in the process of identifying the relevant sections which will then be used to update the Market Operatives.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>Council.</p> <p>Discrepancies were identified against the cash handling policy and procedure;</p> <p>Policy states: When cash is being counted by staff, this should be done in a secure office environment at all times. Testing identified that cash taken on a Saturday cannot be counted securely as the Bromsgrove District Council Office is closed.</p> <p>Policy States: Cash will be collected from each market trader by no later than 13:00 on each market day. Testing identified this may not always be possible.</p> <p>Policy States: All receipts from that day will be collated together and kept safe & secure for audit purposes. Testing identified receipts are left in an unlocked drawer and new receipt books are left out on a desk that can be occupied</p>		<p>the service.</p> <p>Materiality of the income and the risk factors to be measured against the cost of implementing controls.</p> <p>To review the current procedures for sickness and annual leave of market traders and if this is to continue to write/agree a policy for this.</p>	<p>regulations and will update the market operatives at the next team meeting booked for 09/07/19.</p> <p>Implementation Date: Financial regulations 09th July 2019 and updated policy 5th July 2019</p> <p>Market Manager to revisit the written cash handling procedure and review and update to include the new reconciliation processes as above (section 1)</p> <p>Market Manager has identified a secure location within the Town Centre toilets (Changing Places Facility managed through an access code - all managed within the Business Development team) where he/ or the Senior Operative can do the cash reconciliation safely on a Saturday and then bank it through the night safe system at HSBC bank also in the town centre. All cash collections will be paid into either the cash office at Parkside, or the HSBC bank system on a daily basis.</p> <p>Market Manager will produce receipts for each trader whilst on site and all receipt books will</p>	<p>The cash handling procedure has now been updated and this has been communicated to all staff.</p> <p>The new secure location is being used to reconcile the takings and the cash is being banked on the same day.</p> <p>Unless it is raining receipts are produced for each market trader on</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>by other staff.</p> <p>Policy States: All cash must be paid in on the same day of collection or by the very next working day if circumstances prevent this from being undertaken. Testing identified cash collected on Friday 17th May 2019 was not banked until the Monday.</p> <p>Receipts The receipts are written in the office before visiting the market.</p> <p>The testing identified a receipt that had been written & dated but the funds had not been collected until 3 days after due to the stall holder not being available.</p> <p>Reconciliation There is no reconciliation between the takings from the stallholder and the amounts received in the bank.</p> <p>Recording of toll money The policy does not make any reference to the</p>			<p>be taken into the office daily and put into a lockable cabinet in room 23 (the BSO and BDM will also have a key to the drawer)</p> <p>Where required the policy will be amended to support all the changes in this report, including any variations required and spreadsheet recording.</p> <p>Market regulations have been given to legal for approval awaiting response (this includes market trader's annual leave and sickness reporting). Market Manager has updated the Annual Leave and Sickness process to ensure no trader can take Annual Leave and assume work on the market at the same time.</p>	<p>site. If it is raining then these are written in the office prior to collecting the money but cancelled if the fee is not collected. The receipts are kept in a lockable cabinet with keys being allocated to the Business Support Officers and the Market Manager.</p> <p>The Market Regulations were sent out for consultation in September 2019. Each market trader signed to show that they had received the documentation in relation to the consultation.</p> <p>Feedback was originally required by the end of September 2019 but this was extended until 8th October 2019 to coincide with the market traders meeting.</p> <p>A couple of points were raised at the meeting and addressed. In addition to this the National Market</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>monthly Income spreadsheet used to record toll money due and paid.</p> <p>Annual Leave & Sickness There is no policy in place for when Market traders take annual leave or report sickness.</p>				<p>Forum had also highlighted issues that markets were facing in relation to seasonal traders and the use of social media. The documentation was also updated to include this.</p> <p>The Market Regulations are still therefore in consultation with sign off expected in the New Year (2020).</p>
3	High (RED)	<p>Records Comply with GDPR</p> <p>Information such as booking forms and sickness records are held in paper form by the Markets Manager in an unlocked drawer in Bromsgrove District Council Office.</p>	<p>Potential breach of GDPR which could lead to a fine and reputational damage.</p>	<p>Undertake a review to ascertain if it is necessary to retain a sick note as part of the above recommendation.</p> <p>If it is found that the council requires a sick note then review what information is being held and liaise with the Data Protection Officer on how this should be logged and held.</p> <p>Consider holding the booking information electronically and securely.</p> <p>A retention policy should be in place to ensure information is not kept for longer than necessary.</p>	<p>Responsible Manager : Market Manager</p> <p>Action Plan: Market Manager will no longer take sick notes from traders and instead will review visually on site and hand back to the trader. All sick notes currently held have now been disposed of in the Council's confidential waste.</p> <p>Implementation Date: 27th June 2019</p> <p>Market Manager to book an appointment with Information Management team to look at the retention policy to cover markets and to put agreed</p>	<p>Partially implemented</p> <p>Sick Notes for market traders are now viewed visually on site and then returned to them. No sick notes are retained by the Market Team.</p> <p>Documentation is retained for 6 years due to the fact that it is financial information.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
					<p>systems in place – Business Support team to support this action</p> <p>Implementation Date : 26th July 2019</p> <p>Any booking forms returned to the Market Manager or Market Operatives in a paper format will be scanned into the Markets folder and originals disposed of through the confidential waste.</p> <p>Implementation Date: 27th June 2019</p>	<p>Booking forms received in a paper format are currently held in a locked cabinet. Keys to the cabinet are held by the Market Manager and the two Business Support Officers.</p> <p>Going forward the forms will be scanned and held on the system or will be archived in the archive room at Parkside.</p>
4	High (RED)	<p>Public Liability Assurance</p> <p>Traders are only allowed to trade on the market after a production of a current and valid certificate of public liability insurance that includes public liability of £5 million pounds, in accordance with market regulations.</p> <p>7 out of 19 traders recorded on the</p>	<p>The Council could be subject to litigation claims should a stall holder not present the required insurance.</p>	<p>Market Manager to check that any traders on the spreadsheet showing out of date or missing information have the appropriate documentation and if not, appropriate action is taken.</p> <p>The Market Manager to regularly review Insurance documentation to ensure there is no lapse of current</p>	<p>Responsible Manager: Market Manager</p> <p>Action Plan: Market Manager to review all current market traders' public liability insurance certificates. Any found out of date will be given notice to produce an in-date certificate on their next market trader's attendance. Any market traders not supplying a valid document will</p>	<p>Implemented</p> <p>A spreadsheet is maintained of all market traders and the details of their Public Liability Insurance. A RAG rating in used to identify those market traders that have up to date insurance and those that do not.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		spreadsheet held by the Market Manager showed their public liability insurance as being out of date. 6 out of the 19 records showed that the policy number was missing or the date of renewal not recorded.		certification. Stall holders must be advised that they cannot be allowed to trade without or after insurance cover expires.	be refused to trade. Implementation Date: 28 th June 2019 After this date Market Manager will update the spreadsheet accordingly	Any market trader highlighted 'red' cannot trade until an up to date Public Liability Insurance Certificate has been provided to the Council.
5	Medium (Amber)	<p>Reconciliation of the stalls – 17th May 2019</p> <p>The number of stalls let and number of regular and casual traders did not tally with the number recorded on the monthly income spreadsheet. This is probably due to</p> <ul style="list-style-type: none"> • 1 regular trader advising he was on annual leave yet was still trading from his 4 stalls on this date • 1 new Trader advising she wants to trade on a Saturday yet was also trading on the 17th May 2019. 	<p>Inconsistency in the information recorded and the banking of the daily cash may cause a financial and reputational risk.</p> <p>Potential for double booking of the pitch which could lead to reputational risk.</p> <p>Potential for Fraud.</p>	<p>Devise a system which will identify the location of the stall holder on each trading day and that it is accessible to use to reconcile the stalls.</p> <p>Ensure traders are aware that if they have booked annual leave then they cannot trade on that day to prevent double booking.</p>	<p>Responsible Manager: Market Manager</p> <p>Action Plan: Market Manager will devise a system where if a trader wishes to take annual leave and their pitch is not sold to another trader during that time, then no marquee/gazebo will be installed. Market Manager will also update the Terms and Conditions to include this information.</p> <p>Implementation Date: 26th July 2019</p>	<p>Implemented</p> <p>It is difficult to set up a system to identify the location of the stall holders as this may not be the same for each day. This means that this is not an efficient use of time and the cost outweighs the risk.</p> <p>However there is a reconciliation of monies taken by the Business Support Officers independently of the Markets Manager. A fall in expected income would be identified and reasons obtained.</p> <p>If a trader is on annual leave then the stall will only be set up if it has been booked by another</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
6	Medium (Amber)	<p>Fees, Charges and incentive schemes.</p> <p>The Council has in place 'Fees and Charges' that have been approved by members. In addition to this under the Scheme of Delegation originally approved in June 2018 and approved in May 2019 as part of the annual approval by Members the Head of Cultural and Leisure Services has the power to vary the fees and charges in line with additional competition and market demand.</p> <p>Incentives are being offered in order to encourage the development of new businesses and maintain relationships with existing traders in line with the Council Plan 2017/20. There are in place three incentive policies.</p> <p>However testing highlighted the following:</p> <ul style="list-style-type: none"> • Incentives are not 	<p>Reputation damage to the Local Authority should preferential treatment be given to some traders. Potential for fraud and financial loss if not charging the correct amount.</p>	<p>In order to provide transparency any incentives offered outside of the policy to be agreed by the Head of Service/Director of Finance and Resources prior to being offered.</p> <p>Consideration to be given to having formal agreements with stall holders so that both parties are clear on what is being offered, for how long and that there is no chance of them being abused.</p>	<p>Responsible Manager: Market Manager</p> <p>Action Plan: The current fees and charges agreed by members in October 2018 and implemented in April 2019 continued in the same format handed over from CJ Events (reason for this was the limited amount of time and knowledge of the market systems and its background)</p> <p>Market Manager with the support from the Business Support team will review the fees and charges and all incentives and concessions in Sep/Oct 2019. They will look to ensure the process for payment and any discounted fees are fair and understood by all traders and officers. Quarterly meetings that are in place with the traders will be used as consultation on proposed new fees and charges. These will be implemented once agreed by members in April 2020.</p> <p>Implementation Date: 31st October 2019 (new fees and charges will be</p>	<p>trader.</p> <p>In Progress</p> <p>The fees and charges have all been reviewed and a proposed fees and charges schedule has been put forward to finance.</p> <p>The proposed fees and charges are awaiting approval by Members which will take place as part of the Budget Setting process in February 2020.</p> <p>If approved the fees and charges will be implemented from 1st April 2020.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>being applied consistently as old verbal agreements from previous Market Management arrangements are being honoured. On the day of testing only 2 out of the 16 traders were being charged in line with the agreed fees and charges</p> <ul style="list-style-type: none"> • There are no formal agreements between the traders and the Council. • Currently only the Market Manager has up to date knowledge of the various concessions given to regular and casual traders. • In one case more than one concession had been applied. 			implemented 01/04/2020)	

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Compliments and Complaints						
Assurance: Moderate						
1	High (RED)	<p>Complaints Recording Management System Issues</p> <p>A review of the complaints system found that:-</p> <p>1) There is no clear audit trail of the customer's journey from the start of the complaint to the end and there is no clear indicator within the system to identify what stage the complaint is at</p> <p>2) For those complaints still open, reminders are sent to the responsible officer every week but are not escalated or followed up in any other way.</p> <p>3) For 2nd stage complaints Audit found that there was no second stage complaint identification within the Compliments and Complaints system leading to an inability to easily identify those</p>	<p>Potentially poor service not being addressed and development opportunity missed if there is no full log of complaints.</p> <p>No clear indicator by management of the amount of complaints that reach stage 2 and the reasons why they are not addressed at stage 1.</p> <p>There is a risk that without having the correct controls in place to monitor records and relevant action effectively it could lead to missed opportunity to develop services and potential reputational damage to the council</p>	<p>The review to consider the potential for development of the system to improve the council's way of providing services and for the potential to escalate reminder emails if complaints remain open for longer than a set number of days.</p> <p>If the system proves to be not fit for purpose to consider alternative options that will best fit the Council's requirements in relation to the tracking and monitoring of complaints.</p> <p>The system requires a 2nd stage complaint identification tag to ensure all complaints are dealt with appropriately and provide an opportunity to identify potential service development is maximised.</p>	<p>Responsible Manager: ICT Operations Manager</p> <p>Implementation date: Quarter 1 2020.</p> <p>1) We would like a full audit trail of the system. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p> <p>2) We would like the overdue complaints to be escalated further. There is project to update Active Directory. Once completed in February we will look to investigate if this is sufficient to use to escalate.</p> <p>3) 2nd stage can be developed so calls can be manually moved into this area. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p>	<p>Not due for completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>complaints.</p> <p>4) The System Developer confirmed that once a record is deleted it is not archived therefore it is deleted permanently. No footprint remains within the system.</p>	<p>because services are not handling complaints effectively,</p> <p>There is risk of inappropriate actions being taken potentially leading to fraudulent activity by the deletion of records.</p>	<p>To introduce a true audit trail and back-up process within the system so that if a record is deleted by mistake, it can be identified and reinstated.</p>	<p>4) Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p>	
2	Medium (AMBER)	<p>Complaints Process</p> <p>A review of the complaints system found that complaints can be received through multiple channels but not all complaints that are received by the councils are processed through the dedicated system.</p>	<p>Reputational damage if complaints are not being dealt with in a timely manner and that the Council are not aware of the number of complaints received.</p>	<p>To understand the reason why not all compliments and complaints are logged through the current system and then to evaluate the current system used for the recording of compliments and complaints and review if it is fit for purpose.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: April 2020 (depending on development)</p> <p>Complaints Recording Management System</p> <p>1) The single example provided related to Leisure who stated in their response (from a 4th tier manager) that they know that they need to report it on the complaints system and state that they 'are not great at placing them onto the corporate system but resolve it there and then, timing and workload sometimes overtakes'. There was also a comment from the auditor that other services also said this but no evidence was</p>	<p>Not due for completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
					<p>obtained.</p> <p>Comms will go out to staff to ensure that compliments and complaints are recorded on the system</p> <p>2) User Access rights will be reviewed as part of the 2020 implementation.</p> <p>There are users who have left still on the system however they do not have cases allocated to them and we would like to keep their records on this system to show the interaction with any previous complaints.</p> <p>Any users still on the system will have been removed from ICT 'active directory' and so it is impossible for them to access the system.</p>	
3	Medium (AMBER)	<p>Compliments and Complaints Reporting</p> <p>Although there is a reporting option and facility available within the complaints system, it is not being utilised in order to produce reports for management.</p>	<p>Incomplete management information could potentially lead to poor decision making and</p>	<p>Once the integrity of the data within the system has been assured to consider introducing quarterly reports to senior</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: 1st Dec 2019**</p> <p>There are no plans to report to service managers as the management are the users of</p>	<p>Seeking confirmation of completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>An assessment of how service areas deal with complaints has identified that not all of them are processed through the system and therefore the integrity of the data is flawed from a corporate perspective.</p> <p>There is no overall reporting of compliments although services do share compliments within team meetings.</p>	<p>missed opportunity to better performance.</p>	<p>management in order to provide a strategic overview of how the Councils are performing and help to identify areas of risk though non delivery or poor service.</p> <p>To report on service areas to help them improve and to allow services to analyse trends within complaints.</p> <p>To consider the use of reporting compliments through staff newsletters/corporate events in order to celebrate success and help to boost morale throughout the Councils.</p>	<p>the system and can therefore check their own service area reports.</p> <p>Quarterly reports can be provided to CMT and SMT if required.</p> <p>It is planned to publish complaint data on a monthly basis on the web, including services whose complaints are over 21 days old.</p> <p>This was delayed due to the roll out of the corporate customer care strategy.</p> <p>**Subject to CMT approval, we will suggest a date of 1st December 2019.</p>	
4	Medium (AMBER)	<p>GDPR</p> <p>There is confusion surrounding where the responsibility lies for the deleting of records from the system and if the process is an automatic process or manual one.</p>	<p>There is risk that if items fall out of retention it may damage the reputation of the council as well as creating a possible financial penalty against the authority.</p> <p>There is a risk that that items could be non-compliant within GDPR regulations and that there is no system control of</p>	<p>To review the current system and allocate a responsible officer to introduce quarterly checks by the appointed officer to ensure that there is a control in place so any personal record that are found to be non-compliant with the retention cycle are disposed of within the correct year.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: December 2020</p> <p>The complaints system was introduced in 2014 and complaints will be held for 5 years following closure. There are currently no records overdue for deletion, and the first record will be deleted in December 2020.</p>	<p>Seeking confirmation of completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
			<p>GDPR files.</p> <p>If there is a risk it is breach of GDPR regulations and potential of financial penalty.</p>		<p>Previous meetings with ICT had stated the system will remove records on an annual basis following 2020 however a check will need to be made to ensure this happens. Added to ICT development list.</p>	

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Treasury Management						
Assurance: Moderate						
1	Medium (AMBER)	<p>Ledger Coding and Reconciliation</p> <p>There has not been any formal periodic reconciliation of treasury management activities in the ledger for Bromsgrove District Council during the 2019/20 financial period. However it is understood that discussion are being held on the completion of these within the finance team with responsibility expected to sit with the Accountancy Assistants.</p> <p>Additionally delays were recognised in posting treasury transactions to the ledger in excess of a month.</p>	<p>Failure to correctly account for financial transactions on the ledger, potentially resulting in reputational damage to the Councils.</p>	<p>A formal reconciliation of treasury management activities is required against the ledger postings at agreed intervals to be determined by the Finance Team, to ensure all financial activities have been fully accounted for and coded correctly.</p> <p>A monthly reconciliation would also ensure treasury transactions were posted to the ledger in a timely manner by capturing any unposted transactions.</p>	<p>Management Response: Due to recent changes in the team, and resourcing issues this has not been possible to complete. This has now been remedied with posts being filled, so reconciliations will be undertaken going forwards as well as those which are outstanding.</p> <p>Implementation Date: December 2019</p> <p>Responsible Officer: Financial Services Manager</p>	<p>Seeking confirmation of completion at time of reporting. Rolled forward recommendation from 2018/19.</p>
2	Medium (AMBER)	<p>User Access</p> <p>A user account for an Accountancy Officer with access to the iDealTrade system was not removed at the point of the Officer leaving.</p>	<p>Failure to control access to key systems resulting in potential breaches which could result in reputational or financial loss for the authority.</p>	<p>Ensure procedures for removing network access for previous employees are followed. Additional system access must also be removed in a timely manner, and monitored by senior officers in the Finance team. Current access requirements to be reviewed on</p>	<p>Management Response: Agreed, as part of the leaving process going forwards access to ideal trade is reviewed to ensure that leavers no longer have access</p> <p>Implementation Date: October 2019</p>	<p>Seeking confirmation of completion at time of reporting. Rolled forward recommendation from 2018/19.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
				a periodic basis.	Responsible Officer: Financial Services Manager	
3	High (RED)	<p>iDeal Trading System</p> <p>It was identified a number of officers have the ability to raise borrowing adverts on iDeal Trade with no supervision from any other senior officer.</p> <p>The maximum single loan limit was ascertained as £10 million, the limit on the number of adverts that can be placed is unknown.</p> <p>In addition the ability exists to set interest rates and terms (maximum term of 60 months). Interest rates are based on other borrowers on that day, however are not currently evidenced.</p> <p>The Officer raising the debts also sends the bank details to the lender via E-mail, but is not able to change the bank details on the iDeal Trade system.</p>	<p>Best value is not achieved in regards to interest rates/terms.</p> <p>Employee raises unrequired loans.</p> <p>Fraudulent loans are paid into personal bank accounts.</p> <p>Reputational Damage.</p>	<p>A segregation of duties and approval system is introduced to protect employees at each stage.</p> <p>Evidence of best value is recorded e.g. interest rates on the given day.</p>	<p>Managers Response: Agreed, discussed with Arlingclose about putting in an additional step, training on the software has been booked.</p> <p>Implementation Date: October 2019</p> <p>Responsible Officer: Financial Services Manager</p>	<p>Seeking confirmation of completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		The iDeal Trade system can auto-match and agree a deal autonomously if another iDeal Trade partner agrees the terms. An E-mail is generated by the software and sent to a number of officers only after the deal is agreed.				
4	Medium (AMBER)	<p>Treasury Training</p> <p>During testing it was ascertained members of Bromsgrove District Council elected in May 2019 had not been offered treasury management training by an accredited provider.</p>	<p>Knowledge of the authorities finances in relation to the wider economic environment and other authorities limited.</p> <p>Reputational damage.</p>	<p>Training is offered to newly appointed members as soon as possible with an accredited provider to allow members to be further informed when making decisions on the procedures relating to treasury management.</p>	<p>Managers Response: This is part of the contract with our treasury advisers Arlingclose, and is now booked in to take place at Bromsgrove Council.</p> <p>Implementation Date: October 2019</p> <p>Responsible Officer: Financial Services Manager</p>	<p>Seeking confirmation of completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Document Retention						
Assurance: Limited						
1	High (RED)	<p>Controls of retention schedule</p> <p>Testing of retained items against the retention schedule indicated that all service areas are archiving information but not all of them are destroying the information in a timely manner. E.g. within the year it requires destroying.</p>	<p>Bromsgrove District Council could become non-compliant with GDPR regulation requirements increasing the potential for reputational damage and financial penalty.</p>	<p>To continue to encourage staff through the annual General Data Protection Act training that is provided by the information team to encourage the importance of removing information; it is to be encouraged through the recommendation to establish a clearance day routine to ensure that all documents are destroyed and appropriate actions are taken.</p> <p>Each service to ensure that it manages its data disposal in a timely manner.</p>	<p>Responsible Officers:-</p> <p>ICT Manager</p> <p>ICT Operations Manager</p> <p>Implementation Date: - Q4 2019/20</p> <ol style="list-style-type: none"> 1.) Reminders to staff via the orb to delete records that are passed the retention period. 2.) To conduct a corporate annual clear out to remove documentation that is passed the retention period. 3.) Review the retention schedule to ensure it remains fit for purpose. 	<p>Not due for completion at time of reporting.</p>
2	High (RED)	<p>Security of archived information</p> <p>Hard Copy</p> <p>Testing found that hard copy information that is</p>	<p>There is the potential risk of unauthorised access to sensitive information</p>	<p>Bromsgrove District Council to ensure sensitive information that is being archived is not</p>	<p>Responsible Officers:</p> <p>ICT Operations Manager</p>	

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>stored at both authorities can be viewed by anyone. Although it is stored within specific areas for services, anyone can access the archives room and sensitive information including personnel files, personal financial records and investigations can be easily accessed.</p> <p>Bromsgrove District Council Deeds Testing found that the deeds are secure in a separate room to the other archived files and requires a different key to access. However, the information at Bromsgrove District Council is being stored in a room which is not fire or flood proof, meaning that if there was a fire or flood files that require to be retained for life potentially would be lost.</p> <p>Bromsgrove District Council</p>	<p>leading to reputation damage and/or a breach of Data Protection Act and General Data Protection Regulations.</p> <p>If the deeds were lost this could impact short term on business operations while the information was obtained from the land registry.</p> <p>With unrestricted access to the archives in</p>	<p>accessible to staff other than those that require it for their role and responsibilities. Also, the current arrangements to be reviewed to ascertain whether sensitive information is sufficiently protected from unauthorised use.</p> <p>The deeds are currently vulnerable to potential loss in the event of fire or flood so consideration to be given to how best to mitigate this risk e.g. electronic storage.</p> <p>Bromsgrove District Council adopts the same approach as</p>	<p>Head of Legal & Democratic Services (for deeds transfer item)</p> <p>Senior H&S Officer</p> <p>Implementation Date Q1 2020/21</p> <p>All archive records are to be securely stored if not considered to be 'public' viewing.</p> <p>The archive facility at Parkside was never designed to be flood and/or fireproof due to the building. Consideration to be given to transferring documentation to Redditch Borough Council Town Hall deeds room which provides this security.</p> <p>There will be an alignment of Bromsgrove District Council</p>	<p>Not due for completion at time of reporting.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>Access Rights to Archives</p> <p>Testing at Bromsgrove District Council Parkside found there is no sign in or sign out procedure in place to access the archives allowing anyone to enter the basement archives having obtained the key in the absence of the caretaker. There is a risk that if a fire was to breakout at the building, someone may become trapped in the archives as it is not part of the sweep.</p>	<p>Bromsgrove potential risks include.</p> <ol style="list-style-type: none"> 1.) Unauthorised access 2.) Access and potential loss to sensitive information 3.) A lack of awareness potentially leading to confusion in an emergency situation. 	<p>Redditch Borough Council in regard to access procedure for the archive storage area to ensure staff safety and reduce the risk of unauthorised access.</p>	<p>and Redditch Borough Council access/egress procedures thus ensuring best health and safety practice when staff are visiting the archives.</p>	
3	Medium (AMBER)	<p>Retention Policy</p> <p>Testing found although there is a clear retention policy for IT available there is not a clear transparent policy available on the orb page in regard to retention.</p> <p>Review of Policy and Procedure schedule</p> <p>Testing found service areas are not updating the policy and procedure schedule.</p>	<p>If the policy is not transparent and readily available staff will not follow it potentially leading to the non-compliance with statutory requirements, reputation damage and financial loss through fines.</p>	<p>Current retention procedure to be reviewed to ensure it remains fit for purpose and a policy is published on the Orb for staff to reference and follow.</p> <p>These key documents require periodic review and update in line with business need.</p>	<p>Responsible Officer:- ICT Operations Manager</p> <p>Implementation Date Q1 2020/21</p> <p>To revisit to ensure the retention policy remains fit for purpose and that conversations are happening to keep on top of the retention of documents.</p>	<p>Not due for completion at time of reporting.</p>
end						

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX 4

Follow Up

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action taken against those audits and whether further follow up is planned. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the overall work load so to minimise resource impact on the service area.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarters 3 and 4.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd Follow Up</u>	<u>3rd Follow Up</u>
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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed	
2018-19 Audits							
GDPR	13 th March 2019	Corporate	Moderate	Reported 2 high and 2 medium (only 1 med in BDC) priorities in; Awareness, Data Protection Officer, and Third Party Data Processes. Follow up to be completed in 3 months	Follow up undertaken in August 2019. Outcome reported to CMT in October 2019 with action plan agreed. Follow up scheduled for March 2020.		
Transport (Fleet)	19th June 2019	Operations	Limited	Reported 7 'medium' priority recommendations in Extension of the use of vehicle trackers on the fleet, Fuel monitoring to be introduced on an exception basis, Inventory records should be accurately maintained & be consistent with the insurance schedule, Vehicle service & repair files were not accurately maintained, Accident records are not accurate, Driver 'walk round' checks are not consistently carried out and Untaxed vehicle in used. A follow up will take place in 3 months.	Follow Up undertaken in October which confirmed all recommendations were either completed or being actively addressed. Further follow up March 2020.		
Procurement	7th June 2019	Corporate	Limited	Reported 3 'high' and 3 'medium' priority recommendations in Training Control, Collusion, The scoring matrix above £25k, Training Controls, The scoring matrix under £25k and centralising information controls. A follow up will take place in 3 months.	Consultant has been commissioned to assist with the development of this area. To be included in 2020/21 review.		

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Risk Management	28th June 2019	Corporate	Limited	Reported 3 'high' and 3 'medium' priority recommendations in Risk Management Meetings, Risk Management Training Information available, Service Risk Register Updates, Risk Management Strategy and Portfolio Holder Monitoring. A follow up will take place in 3 months.	Zurich has been commissioned during October 2019 to assist with the relaunch of corporate risk. To be included in 2020/21 review.		
Bromsgrove Energy Efficiency Fund (BEEF)	26th April 2019	Environmental Services	Moderate	Reported 3 'medium' priority recommendations in End of Scheme Reporting, Documentation and Application Processing. A follow up will take place in 6 months.	Rescheduled for February 2020		
Worcestershire Regulatory Services	10th April 2019	Worcestershire Regulatory Services	Significant	Reported 2 'medium' priority recommendations in Complaint register should be reviewed for completeness quarterly and Complaints should be completed within processing timescales. A follow up will take place in 6 months.	Follow up to be completed as part of the 2019/20 audit in Q4		
Health and Safety	20th July 2019	Corporate	Limited	Reported 9 'high' and 5 'medium' priority recommendations in Policies, Fire Safety and Evacuations, Manager IOSH training, Lift Risk Assessments, Fuelling Point Assessment at Redditch Borough Council Depot, Fire Risk Assessment Action Plan, Fire Alarms, Evacuation of less able people from Redditch BoC Town Hall, Active and Re-active measures of a terrorist attack, Active and re-active measures of a terrorist attack, Action Plan Update, Financial Analysis and Training Budget, Induction Process and Bespoke H&S training. A follow up will take	Action plan in place and being monitored by the Health and Safety Officer. A follow up audit is scheduled for Q4.		

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

				place in 3 months.			
2019-20 Audits							
Markets	6th September 2019	Economic Development	Limited	Reported 4 high and 2 medium priorities in Recording of toll finds, Policy & Procedures, Records Comply with GDPR, Public Liability Assurance, Reconciliation of stalls and Fees, Charges and Incentive Scheme. Follow up to be completed in 3 months.	Follow up December 2019. 2 'high' and 1 'medium' priority recommendations have been implemented; 2 'high' priority recommendations have been partially implemented; 1 'medium' priority recommendation is in progress as indicated at Appendix 3 above. Further follow up planned for April 2020.		
Treasury Management	18th October 2019	Finance	Moderate	Reported 1 high and 3 medium priority findings in, iDeal Trading System, Treasury Training, Ledger Coding and Reconciliation and User Access. Follow up to be completed in 3 months.	Jan-20		
Document Retention	5th November 2019	Legal	Limited	Reported 2 high and 1 medium priority recommendations in controls of the retention schedule, security of archived information and retention policy. Follow up to be completed in 3 months.	Feb-20		
end							

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Actions for points 1, 2 & 5 reported completed before 20th September 2019. Further progress has been made in regard to the remaining points as indicated below.

Action No.	Area to be actioned	Outcome required	Action	To be undertaken by:	Date to be completed	Completed	Further Action Required
3	2240 - Approving Work prior to starting	Develop a process where by we can QA the testing programme prior to testing being undertaken, and to ensure that a formal sign off has taken place by either Head of Internal Audit or Team Leader	Engage with staff via Team Meetings to agree a process and to adjust the methodology to reflect the initial sign off prior to the testing commencing.	Audit Team Leader	Dec-19	Ongoing. Included in July Team Meeting.	Feedback collated during August/September with live running October 2019 onwards. Monitoring being undertaken to ensure fully embedded. December: Live running commenced in October. Monitoring continuing.
4	2420 - Timely Completion of Stages	To make improvements in line with completing all stages of audits in a timely manner.	Stage monitoring will be picked up via 1-2-1's and the report monitoring will be picked up with the Audit Tracker "Response" tab (and discussed in 1-2-1's).	Audit Team Leader	Immediate implementation with ongoing monitoring throughout the year	First phase implementation completed but remains ongoing.	Continue to monitor to 31 st March 2020 to ensure fully embedded. December: Monitoring

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Action No.	Area to be actioned	Outcome required	Action	To be undertaken by:	Date to be completed	Completed	Further Action Required
							continuing.

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Health and Safety 2018/19

30th November 2018

Distribution:

To: Deb Poole - Head of Transformation
Becky Talbot - Human Resources and Development Manager

1. **Introduction**

- 1.1. The audit of the Health and Safety was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council and Redditch Borough Council for 2018/19 as approved by the audit Governance and Standards Committee in Redditch Borough Council on the 26th April 2018 and the Audit Standards and Governance Committee in Bromsgrove District Council on 15th March 2018. The audit was a risk based systems audit of the Health and Safety operated by Bromsgrove District Council and Redditch Borough Council.
- 1.2. Corporate health and safety requirements are fundamental to all corporate priorities as without the correct Health & Safety measures the organisations would not be able to perform it's duties in a safe and diligent way.

1.3 Risks

The following entries on the corporate risk register are relevant to this review:

- Non-compliance with Health and Safety Legislation

The following entries on the service risk register are relevant to this review:

- Failure to be pro-active on Health and Safety Matters
- Failure to adequately manage health & safety
- Fail to ensure the health & safety of the Public / Staff and visitors using services

- 1.4 This audit was carried out by Sami Al-Moghraby over the months of April, May and June 2018.

2. **Audit Scope and objective**

- 2.1 The audit was carried out to provide assurance that the recommendations from the 2014 external health and safety audit has taken place and the action plan has been adhered to and kept up to date.

2.2 The audit covered:

- Review of action plan
- Financial Analysis and Review of the training budget
- Health and Safety Documents
- Planning and development
- Training
- Communication of Health and Safety information
- Risk Assessments and Risk Management
- Fire Safety Risk Assessment and Risk Management
- Active and Re-active Monitoring and review of Health and Safety Statistics and information
- Corporate Health and Safety advice and support

2.3 The review did not cover the new HR21 and Chris21 system and any additional new systems that were introduced in 2018.

3. **Audit Opinion and Executive Summary**

- 3.1 From the audit work carried out we have given an opinion of **limited assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **limited assurance** in this area because we have identified weaknesses in the design and inconsistent application of controls in many of the areas reviewed therefore the assurance is limited to the few areas of the system where controls are in place and are operating effectively.
- 3.3 The review found the following areas of the system were working well:
- That there is a Health and Safety section on the orb to allow users to access policies for both Bromsgrove District Council and Redditch Borough Council.
 - The policies are accessible for users.
 - The Risk Assessments follow the same uniform approach across all sectors within the council

3.4 The review found the following areas of the system where controls could be strengthened:

Objectives of Audit	Number of Recommendations			Section 4 Recommendation number
	High	Medium	Low	
• Review of Action Plan	-	1	-	11
• Financial Analysis and Training budget	-	1	-	12
• Health and Safety Documents	-	-	-	See recommendation 1
• Planning and Development	-	-	-	See recommendation 10
• Training	1	2	-	3,13, 14
• Communication of Health and Safety Information	1	-	-	1
• Risk Assessment and Management including Fire	6	1	-	2,4,5,6,7,8
• Active and Re-active Monitoring and Review	1	-	-	9, 10
• Corporate Health and Safety advice and support	-	-	-	See recommendation 1

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
New matters arising					
1	H	<p><u>Policies</u></p> <p><u>The Orb</u> Testing of the policies on the orb found that: -</p> <ul style="list-style-type: none"> • There are policies missing i.e. the Fire Safety Policy. • There is no version control on the policies from a version/review date perspective. • There is no evidence to show if the documents on the orb is the same document that was written in 2011. • Using the Orb it is easy to access Health and Safety policies but regarding fire procedures, training and other areas it is more difficult to navigate through. 	<p>If policies such as the fire safety policy are missing there is the potential of risk to life, knowledge gaps in hazardous situations, inconsistent work practices and also a safeguarding breach.</p> <p>A further potential risk is that of certain information being lost in transit through the orb as although there is a section dedicated for Health and Safety, not all communication regarding updates are located in the specific section. This can potentially lead to inconsistency in the working practices and act as a communication barrier.</p>	<p><u>The Orb</u> Effective working practice is established to ensure policies are uniform and are uploaded on the orb in a timely manner for both Councils at the same time to prevent any knowledge gaps. All policies must have a version control associated and a review date prominently displayed. There must be an established forum e.g. Orb, notice board, providing ease of use and access to information.</p>	<p>Responsible Manager: HR Manager</p> <p>Approval process is currently under review which will potentially change the delegation which will streamline the process and the activation and communication of policies.</p> <p>Implementation date: April 2019</p> <p>Review of notice boards will be undertaken including review of electronic notice boards</p> <p>Section was cleared down in Sept/Oct 18</p> <p>April 2019</p> <p>January 2020 Approval process is currently under review which will potentially change the delegation which will streamline the process and the activation and communication of policies.</p>

		<p><u>Hard-copy Information Redditch Borough Council</u> Testing found that:-</p> <ul style="list-style-type: none"> • There is a lot of information on the notice boards in Redditch Borough Council but it can be questioned in how relevant the information is. • The notice board in Redditch Borough Council Town Hall is showing information which is outdated. • It was difficult to identify the health and safety section on the notice board in Redditch Borough Council Town Hall due to the amount of available information. 		<p><u>Hard Copy Information</u> Cluttered notice boards must be eliminated and re-designed to make them more appealing, visually easier to read and to keep a control in place to update them. There should be clear responsibility established to maintaining such areas and it may also be worth considering new innovative ways of delivering the information in the offices e.g. scrolling monitors running presentations to keep all council staff up-to-date with relevant information, or having pop ups created from IT about important notices.</p>	<p>Update 27.03.19 - Health and Safety Statement of Intent and Supporting Manual of Organisation and Arrangements in final draft for approval by Committee on 05.04.19 and then to be signed by Kevin Dicks and both Council Leaders and subsequently published. Update 19.09.19 - Both Health and Safety Statements and Manuals (for RBC and BDC) have now been approved and signed by Kevin Dicks and the relevant Leader of the Councils. These have been shared with the Trade Unions and via Net Consent to all employees.</p> <p>January 2020 How can we eliminate and redesign them? Update 27.03.19 - noticeboards are still in place, but had been decluttered since the audit. Funding not yet sought for alternatives such as rolling screens as this will require regular updating - need to establish who will own this. Updates 19.09.19 - Noticeboards remain as decluttered as possible and a cost effective solution has yet to be sought. Consideration to be given to reducing the number and supplying noticeboards with fire safe glass door fronted ones.</p>
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	<p>Observations: -</p> <ul style="list-style-type: none"> • At the depot it was noticed that TV screen was switched off in the canteen which meant that staff were not able to get daily information updates. • Although there were noticeboards some of the information was not relevant and not being updated. • That although there is a list of names for first aiders at both depot's there is no version control to see how up-to-date the information presented is, there is no photograph to allow staff to locate the first aider. 		<p>It is recommended to start to introduce different colour hi-vis. Example Green to represent first aiders, Red to represent Fire safety officers, Blue for trainers to assist with assisting staff who are unsure who to go to during an emergency. It is also recommended to add a mandatory requirement to ensure all first aider's qualifications are up to date and to have a log in place to ensure they do not lapse unnecessarily.</p>	<p>January 2020</p> <p>This will be considered and a process devised when reviewing Emergency Planning Policy (or similar). Update 27.03.19 - a good idea in principle and tested with the potential introduction of red hi-vis for Fire Wardens, which would be standard, but there are many already in use that are orange and as such that is the colour that has been further supplied. Blue for Trainers is not necessary and it isn't clear for what purpose they serve. Green for First Aiders makes sense and can be introduced. Update 19.09.19 - Red Hi-Vis for Fire Wardens had been considered but the organisation is used to the established orange theme. Green for First Aid is in place in some areas and will be rolled out. Different hi-vis colours can prove useful in a full evacuation event, but First Aiders unlikely to wear one to respond to an isolated incident. List of First Aiders is current and held centrally, with more courses also available to book onto. Method of displaying First Aiders across the two Councils will include photos and locations to assist with identification.</p>
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2	H	<p><u>Fire Safety and Fire Evacuations</u></p> <p>The visual communication methods to employees vary in display and content at between Council sites.</p>	<p>Different visual displays where you have multi-site working can potentially lead to confusion and time lost which could impact severely during an evacuation requirement potentially leading to a risk to life.</p>	<p>To consider having a joint and uniform approach where the blueprint map at Redditch Borough Council is similar to the design of the blueprint map at Bromsgrove District Council showing where you are stood in the building and where the nearest evacuation point is.</p>	<p>Responsible Manager: Head of Customer Services / Head of Legal, Equalities and Democratic Services</p> <p>Review of blue prints to be actioned by facilities management.</p> <p>To be put on the orb once updated.</p> <p>Place partnership will be working with the FM manager at Bromsgrove to agree plans and consistent signage by 31st march 2019.</p> <p>Implementation date: To be reviewed in April 2019 when facilities returns in house from place partnership.</p> <p>January 2020 Review of blue prints to be actioned by Facilities Management. To be put on the orb once updated. Place Partnership will be working with the FM Manager at Bromsgrove to agree plans and consistent signage by 31st March 2019. To be reviewed in April 2019 when Facilities returns in-house from place partnership. Update 19.09.19 - Fire Risk Assessment conducted by RIDGE has confirmed the blueprint map at Parkside is</p>
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					actually over-complicated and could be simplified. Hence, a broader review required outside this item as part of FRA action closures.
3	H	<p>Manager IOSH training</p> <p>The findings indicate that:</p> <ul style="list-style-type: none"> • There is no review date. • There is no expiry date. • Managers may not have attended the allocated training slot. 	Managers that do not receive the most relevant training in IOSH could potentially lead to, legislation breaches, risk of injury or even death in service	Establish a mandatory requirement for IOSH training and issue reminders when completed training is set to expire.	<p>Responsible Manager: Health and Safety Officer / HR</p> <p>Accepts taking on part of the risk, as does not believe need to commit to IOSH Managing Safely as a mandatory course, as there are alternative routes that could be taken.</p> <p>Suggestions to improve include: -</p> <ul style="list-style-type: none"> • Identify the right people who would require the training (likely front line managers) • Develop an in-house course, which could take one day, which delivers: <ol style="list-style-type: none"> 1.) Broad introduction to health and safety law and how it applies to both councils 2.) Accident and incident investigation 3.) Risk assessment • To go down the route of getting approval / endorsement from IOSH • This would not require IOSH to be paid to come in and present each time

					<p>Regarding ensuring this detail is tracked and reviewed, that is not difficult to achieve. I would then suggest refresher on a three year basis.</p> <p>Implementation date: February 2019</p> <p>January 2020 No real / legal need to commit to IOSH Managing Safely as a mandatory course, as there are alternative routes that could be taken. Update 27.03.19 - approval received from CMT on 12.03.19 to move forward with providing internal risk assessment training (and in due course accident investigation training) to be delivered by Martyn Bradley. This will be to front line managers in the first instance. IOSH Managing Safely may still be provided to 4th Tier.</p>
4	H	<p><u>Lifts Risk Assessment</u></p> <p>Working on the lifts could mean an engineer needs to go into the shaft to fix an issue.</p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> • There is no current Risk Assessment in place for external contractors checking the lifts. • There is no evidence to support that there is a control in place. • Due to the evidence obtained, it 	<p>Due to the inconsistency with the risk assessments carried out from a third party and also internally there is potential that risk assessments are not adequate or in place thus leading to reputation damage, injury loss of or danger to life.</p>	<p>It is recommended that a risk assessment process is made available whereby a contractor carrying out maintenance on the lifts either fill in a form or we fill in one of their behalf and keep it on file. To establish and set up a control so that all information from the assessments is gathered together to provide an audit trail in case of incident.</p>	<p>Responsible Manager: Facilities Manager</p> <p>Currently having a new contract tendered which will include lift risk assessments in all public buildings. Additional staff being hired to help support documents being kept up to date.</p> <p>Implementation date: April 2019</p>

		<p>was found that not all the must-kept locked secure doors were locked which could lead to potential danger to life as the door is meant to be secure to prevent person(s) from entering due to the electrical main switch.</p>		<p>Bigger stickers are required on the doors to further deter someone from opening the door to the main electrical switch. Also to create a measure to ensure that all doors are kept locked and that there is more vigilance in this regard.</p>	<p>Bigger stickers have been put on doors so has been implemented Oct-18.</p> <p>Property Services will put in place a revised procedure and risk assessment for the maintenance of lifts to ensure compliance is moving forward by end of December 2018.</p> <p>Property services are issuing an email to all relevant officers to ensure that the secure doors are properly secured and locked. Implemented</p> <p>There will be a new contract for lifts in public buildings and relevant risk assessment supplied to the new contractor.</p> <p>January 2020 Absolutely not! This goes against all known risk management training, as per the Management of Health and Safety at Work Regulations 1999. Contractors must assess their own risks and communicate these to us prior to works commencing. If we have concerns we can raise them, but we must not edit or update or provide a template as this then becomes our risk assessment! The Council</p>
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					can only be responsible for risk management of lifts maintenance if we were to undertake it ourselves.
5	H	<p><u>Fuelling point assessment at Redditch Borough Council Depot</u></p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> • There has not been an updated health and safety hazard report since 2010 which is prior to the 2014 external health and safety audit report. • There is no evidence of work being carried out based on the following recommendations: - <ol style="list-style-type: none"> 1.) The concrete on the dispenser island was showing wear. The areas around the dispenser should be impervious. 2.) It was identified in the 2010 report that repairs need to be made. <ul style="list-style-type: none"> • Vehicles are parking in the no-parking zones which can be found on top of the fuel dispensers with the engines left needlessly running. 	<p>The worst case scenario is that there is the potential for explosion that could lead to multiple casualties, danger to life. Toxics in the air and reputational damage to the council.</p>	<p>To reconsider the points from the 2010 report and establish whether they remain pertinent. To instigate an assessment to identify whether there has been further deterioration since the 2010 report and establish an action plan to address as necessary.</p> <p>To establish and enforce measures for any vehicle found parked on the forecourt in the no parking zones and to create a mandatory requirement for all staff to adhere to the rules within the depot sites. Ensure that there is no smoking, safety shoes and hi-vis are worn at all times and implement sanctions against repeat offenders.</p> <p>To re-enforce safety requirements at the site with all relevant staff.</p>	<p>Responsible Manager: Head of Environment / Officer in Charge and Place Partnership</p> <p>Fuel tank has been recognised to be 40 years old and requires somebody to come and check the concrete dispenser island and pumps.</p> <p>Implementation date: Nov-18</p> <p>Following consultation with the former Health and Safety Officer it has been agreed that the current Health and Safety Hazard report completed in 2010 is still relevant and valid as there have been no changes. Implemented</p> <p>Electrical cable issue resolved. Implemented</p> <p>Place Partnership is commissioning a review of the fuel pumps and fuelling area and tanks to assess current state and works required this is due to be completed by 31st December 2018 and any resulting capital works will be programmed accordingly</p>

					<p>during 2019/20</p> <p>Email has been sent to all Housing and Environmental services managers to ensure that all teams are reminded not to park in the fuelling zones or leave engines running. Implemented.</p> <p>January 2020 Fuel tank has been recognised to be 40 years old and requires somebody to come and check the concrete dispenser island and pumps. Place Partnership is commissioning a review of the fuel pumps and fuelling area and tanks to assess current state and works required this is due to be completed by 31st December 2018 and any resulting capital works will be programmed accordingly during 2019/20. Update 05.04.19 - it had been decided that this would be addressed once the Place Partnership contract had ended and John Homer would then lead on this from within RBC. Update 19.09.19 - Worcester Petroleum Services have conducted integrity tests and initial tests failed. Repairs to the tanks were then carried out, re-tests were successful and will now be undertaken annually. Some minor repairs are still required to the</p>
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				concrete plinth, on hold pending a review of the potential replacement of the whole system.	
6	H	<p><u>Fire Risk Assessments Action Plan</u> The findings are that: -</p> <ul style="list-style-type: none"> • According to the 2014 action plan there are a number of items incomplete especially regarding housing. • There are no public buildings such as Parkside in Bromsgrove and Town Hall in Redditch mentioned within the 2014 action plan. • There is a sheet being filled in by housing and a sheet being filled in by place partnership. • There is a high risk item set in 2016 which was not complete as of 11th June 2018. Review date stated mentions 2019. • Risk assessments are not being completed frequently. 	<p>There seems to be no control in place on the fire risk assessments and risk management which could potential have far reaching implications e.g. corporate manslaughter charges if there was an incident.</p>	<p>To update the 2014 action plan to include all public buildings for both councils and to ensure that it is up to date to mirror the actual fire risk assessments that have been filled in.</p> <p>It is recommended to have regular meetings regarding the process on the action plan to ensure controls are in place and to create an audit trail through the minutes.</p> <p>To ensure 'high risk' items are updated and dealt with in as a priority and it a timely manner.</p>	<p>Responsible Manager: Senior Contracts Manager</p> <p>An IT system has been sourced and will be part of the asset management system implementation that Senior Contracts Manager is leading on and will enable better maintenance of records and data. Public buildings will be managed centrally. Budget bid for dedicated system linking to PPL transfer in-house.</p> <p>HR& OD Manager Facilities Management</p> <ul style="list-style-type: none"> - Property Services - Place Partnership - Housing <p>Implementation date: Bromsgrove to review in October/November 2019.</p> <p>Place Partnership will no longer be carrying out this work post 31st march 2019. It is therefore intended that processes and procedures will be established as part of the Officer in Charge process to ensure that all fire safety checks are carried out in a timely and compliant way by the transfer date.</p>

					<p>It is also intended that all officers with responsibility for FRAs will review risk assessment and action plans and training will be delivered where required.</p> <p>Health checks are currently being carried out in the Housing Schemes and new FRAs being developed for High Risk Housing</p>
7	H	<p>Fire Alarms There is no consistency in how often the test is carried out. In August 2017 for instance it was noticeable that the test was only carried out once; there is also other occasion during the year of 2017 where tests have been infrequent.</p> <p>Fire Drills : - Redditch Borough Council In the Town Hall the latest fire drill was completed in October 2017. The follow up to the drill should have been completed in April 2018 to keep within compliance. This did not occur as of 15/5/2018 meaning that when the drill did take place it was still non-compliant at the time of the drill.</p> <p>At the Depot there are no set drills that get conducted and there was no evidence to say that a fire drill has been conducted in the last 3 years.</p> <p>Fire Drills : - Bromsgrove District Council For the Bromsgrove District Council Depot evidence suggests that the</p>	<p>Fire Alarms If the tests are not carried out within a 6 month period there is the potential that the site is non-compliant and would fall out of British Standards 5839. This could lead to financial implications, council reputational damage and potential danger to life. The council could also be deemed non-compliant to fire safety regulations.</p> <p>Fire drills: - The 10 minute limit that the building should be cleared of all personnel may be breached and there could pockets of staff and others in the building unaccounted for potentially leading to unnecessary searches and potential threat to life. Poor communication could lead to confusion and whether all personnel are clear of the building.</p>	<p>To ensure a control is in place at both councils to carry out a weekly fire alarm test and record it to comply within British Standards 5839. If a test is not completed on a weekly basis then there needs to be justification to support why it was not carried out in case a fire officer visits the site and questions it.</p> <p>Redditch Borough Council and Bromsgrove District Council need to establish a requirement to complete a fire test regularly to remain within compliance for fire safety regulations.</p> <p>It is recommended that both depots start to commence fire drills within a 6 month window to ensure that they are compliant and regiment the evacuation process for any fire Marshalls.</p> <p>A process to be established where a designated fire warden is located next to one of the fire exits to ensure no unauthorised personnel re-enter the building until safe to do</p>	<p>Responsible Manager: Facilities Management - Property Management – BDC - Place Partnership – RBC</p> <p>Implementation date: BDC – Implemented RBC – April 2019</p> <p>To create a sub group to work through recommendations and give a clear plan by April 2019. Group to feature Health and Safety Advisor, Facilities and be supported by Claire Felton and Guy Revans. This group will also review officer behaviour through fire drills to ensure compliance.</p> <p>To deliver fire drills at all sites in Dec-18.</p> <p>January 2020 as part of the recent Fire Risk Assessments across the corporate buildings portfolio,</p>

	<p>latest fire drill was completed on 23/5/2014. The follow up should have been completed in November 2014. This did not occur and is non-compliant.</p> <p>At the Parkside site the evidence provided shows that the last live fire drill was performed in October 2017. This should have been followed up in April 2018. This is now non-compliant.</p> <p><u>Fire Drill Observations Redditch Town Hall</u></p> <ul style="list-style-type: none"> • There was disorganisation in the lead up to the fire drill. The fire drill was meant to commence at 11:45am but there was an issue locating the key for the alarm. • There was no monitor on the fire exits meaning that staff and members of the public could have re-entered the building if they had chosen to do so without challenge • The main door in reception for members of the public to evacuate was not working during the drill and went into lockdown, which meant that the public had to exit through the council workers fire exit instead. • Department locations have not been updated on blueprint so a department was not able to be accounted for and delayed the fire drill evacuation time. • There was delay with getting the accountability for the Crèche due to communication between the Crèche and the operating fire 		<p>so.</p> <p>Better planning to ensure that the fire alarms are tested on time and that the key is available and not moved.</p> <p>A process is established to ensure all contractors sign a register when coming to work on site and that they have basic induction training to know where the fire evacuation point is.</p> <p>It is recommended to have a systematic approach to ensuring all documentation is up-to-date at all times so that if departments change locations this does not impact on obtaining an assurance that everyone has left the building.</p>	<p>there has been sufficient evidence supplied that weekly tests are being undertaken (in some cases by external contractors, i.e. Housing Locality Offices), but advice had been given to some ensure that a different call point is checked each time. This issue has also been raised during Fire Warden training courses delivered by the Senior Health and Safety Advisor.</p> <p>Fire Evacuation Drills will happen over a phased period across all locations (not just the Depots) in the last quarter of 2019, as per further recommendations in recent Fire Risk Assessments. These will begin a risk-based review of the frequency with some having two a year, some once a year and some quarterly (Children's Centres, owing to regular churn of attendees).</p> <p>A Fire Risk Assessor from RIDGE has been engaged since the last update, with recommendations that refer to reviewing evacuation procedures such as this action regarding preventing re-entry. As such this audit action will be reviewed consistently across all other corporate buildings along with other FRA actions.</p>
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		<p>Marshall on site.</p> <p>There is no control in place from a fire risk assessment perspective on contractors coming in to carry out work. It was observed that an on-site contractor walked out of the building from car park entrance and sat in their van rather than going to the evacuation point.</p>			<p>All Contractors are given a site induction (such as fire evacuation procedures, security issues, how to report an accident, exchanging of essential information and issuing of Permit to Work where applicable).</p>
8	H	<p>Evacuation of less able people from Redditch Borough Council Town Hall.</p> <p>Testing of the procedures with assisting wheel chair users in a fire has shown : -</p> <ul style="list-style-type: none"> • That there is no written procedure in place to show how to assist wheel chair users in an emergency situation or where responsibility is allocated. • That there is only one stair lift in the building which has never been used when the building has eight flights of stairs to contend with. • That there has been no fire drill to test out the Wheel chair stair case to get an accurate timing of how long it would take to get someone out of the building. • That there is no signs for wheel chair users to locate a stair lift in case of emergency. 	<p>There has been no documentation in what to do with a member of staff/public who has wheel chair access. With little knowledge of the workings of the stair lift to get the member of staff/public out of the building it could lead to confusion and impede the flow of people in the stairwell leading to panic and injury. This could potentially lead to reputation damage, litigation or ultimately loss of life.</p>	<p>To arrange for a fire drill with someone who uses a wheel chair to assist with monitoring how long it would take in a fire evacuation for the individual to exit the building from the top floor.</p> <p>To develop a procedure manual with who is responsible for the person(s) in case of a fire and what needs to happen, to arrange for appropriate signs to be implemented to locate the stair lift in an emergency situation.</p> <p>Once a test is conducted alternative approaches to assist with evacuation for the less able may be required.</p>	<p>Responsible Manager: Facilities Manager HR Manager</p> <p>Implementation date: Place Partnership to review the procedure with health and safety advisor</p> <p>January 2019</p> <p>To arrange test to identify learning to develop guidance notes. Co-ordination required with facilities and planned to be picked up as part of next fire drill. Drill training date to be agreed</p> <p>January 2020</p> <p>Organising a fire drill with someone who uses a wheel chair is really not necessary (under these circumstances you would put the individual under emotional pressure) – to be addressed once EvacChairs have been procured (and people trained) and then time / stage an evacuation with a</p>

					wheelchair user without actually setting the alarms off. To arrange test to identify learning to develop guidance notes. Co-ordination required with facilities and planned to be picked up as part of next fire drill.
9	H	<p><u>Active and Re-active measures of a terrorist attack</u></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <ul style="list-style-type: none"> • There is a potential security breach in Redditch Borough Council Town Hall between 09:00am to 09:25am. 	Should a terrorist event take place there could be confusion and an ineffective procedure followed potentially leading to injury and loss of life.	<ul style="list-style-type: none"> • Follow other authorities' leads with the Hide, Run, and Tell policy for terror. • Consider training staff on terrorism attacks through e-learning or various methods. • Create a process in how to best suit the situation at both councils. • Create an action plan date as soon as possible to discuss this. 	<p>Responsible Manager: HR Manager & Facilities</p> <p>Lock down of doors, 9am onwards.</p> <p>Implementation date: November 2018.</p> <p>January 2020 This has been discussed at CMT and the Hide, Run, Tell is due to be disseminated across the organisation during September 2019 on the Orb as part of a wider national campaign called 30 Days 30 Ways.</p>
10	M	<p><u>Active and Re-active measures of a terrorist attack</u></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <ul style="list-style-type: none"> • There is no current policy in place. • There is no process in place. • Although there is currently an agenda for a meeting to occur at some point in the future. There is no current date booked for a 		<ul style="list-style-type: none"> • To ensure all doors are shut at 09:00am at Redditch Borough Council Town Hall. (Practical / pragmatic in a public building Consider the most appropriate and safest foot traffic route for entry to the building. 	<p>Responsible Manager: HR Manager & Facilities</p> <p>Interim has officer being recruited. Looking to post information on Orb regarding safety breaches. Dec-2018</p> <p>Implementation date: April 2019</p> <p>January 2020</p>

		meeting to discuss.			Lock down of doors, 9am onwards. Update 27.03.19 - this has changed inasmuch as doors from Town Hall car park are now opened at 08:45am, but the other access route (via the basement) is on swipe access only anyway.
11	M	<p>Action Plan Update</p> <p>Testing of the health and safety action plan found: -</p> <ul style="list-style-type: none"> • There is no version control within the action plan to state when it was last edited or modified. • There is a lot of information which has a narrative as 'Out Of date' and no comments as to why the action is out of date or what has been put in its place. • The target deadline date has been not been adhered to since the end of 2014. • There are target dates in place but none of the targets set have been completed. • The recommendations from the fire risk assessment and management perspective have not been completed according to the action plan. • There is no tab specifically for 'Planning and Development'. There is no evidence of a planning and development within the action plan scope for the technological and innovative factors of the business. 	If the action plan is not being used as a management tool and not being kept up-to-date people within the organisation will not know what is complete and what remains outstanding, potentially could lead to inaction and lost opportunity to develop. The absence of information within the action plan does not provide an assurance that work has been carried out this could also lead to misunderstanding and confusion.	<p>The action plan should be treated as a key management tool driving the development of H&S and must be regularly updated with a systematic approach to enable a clear indication of progress. A version control must also be included and priorities need to be established e.g. fire risk assessments and management perspective.</p> <p>To focus on getting any work 'Out of date' completed and to include a new tab saying 'Planning and development' as well as to include High/Medium/Low priority to assist the planning structure.</p>	<p>Responsible Manager: HR Manager</p> <p>Work will be actioned to combine all H&S Audits into a definitive action plan</p> <p>Implementation date: April 2019</p> <p>Whilst a large amount of work has been taken from the 2014 action plan. An ambulation of plans will take place and used to go forward from April 2019.</p>
12	M	<p>Financial Analysis and Training budget:</p> <ul style="list-style-type: none"> • There is no centralised finance code dedicated for Health and 	The actual budget position is not correctly identified from a corporate or service perspective potentially	To improve overview of the training budget use. To consider using cost centres for the training budget and Health and Safety to improve	Responsible Manager: HR Manager in conjunction with Finance Director.

		<p>Safety.</p> <ul style="list-style-type: none"> • There is no system in place for showing value for money is being achieved on spend. • The budget was overspent on a couple of occasions at both Bromsgrove District Council and Redditch Borough Council. 	<p>leading to overspends or the belief that there is no money available thus impacting on commitment accounting missed training opportunity.</p>	<p>corporate oversight of expenditure.</p>	<p>There is a current review of corporate training budgets and the separation of H&S training in readiness for 2019/20.</p> <p>Implementation date: April 2019</p>
13	M	<p>Induction Process</p> <p>The findings from the testing showed that: -</p> <ul style="list-style-type: none"> • No corporate training has been completed on a scheduled basis and there is evidence to show that even under the presumption that training was being carried out on a monthly basis there is no evidence that can prove this. • Inductions have not been completed for a while; there is no review date or location included to state Redditch Borough Council or Bromsgrove District Council. • There are blank entries and 'n' showing in the attendance of the training throughout the training document with no comments as to what was done to get staff on the training. • No training has happened since 2017 due to limited resources. • There is no information being passed on to Human Resources from local teams to confirm what training that has been completed. 	<p>Staff that do not receive relevant and timely training potentially leading to a breach of legalisation, risk of injury or even death in service.</p> <p>With a fundamental issue with the communication between local teams and HR regarding staff training there is the potential for inconsistent working practices and reduced ability of vision for safeguarding staff.</p>	<p>Training</p> <p>Design into the new HR training system to leaver's dates, start dates and a review date to enable local monitoring regarding the training from both a corporate and service level perspective leading to better communication between local departments and Human Resources.</p> <p>To establish exception reporting to ensure comment are included in any fields that are blank or show 'n' on the training attendance. The frequency of induction training to be established.</p> <p>Introduce self-serve training systems through e-learning and ensure all new employees complete mandatory induction training within 30 days. Probationary periods should not be signed off if mandatory training has not been satisfactorily completed. Existing staff to have mandatory training requirements identified for their roles and reported on an exceptions basis.</p>	<p>Responsible Manager: HR Manager</p> <p>Implementation date: July 2019</p> <p>Looking at corporate induction process and currently under review. Consideration being given to hard copy and interactive learning.</p> <p>Full review to be undertaken which is currently underway.</p>
14	M	<p>Bespoke health and safety training</p> <ul style="list-style-type: none"> • There is no systematic approach in reference to how the training is being recorded. 	<p>Potential lack of adequate training and knowledge will result in errors being made</p>	<p>Be-Spoke training</p> <p>To develop further the 2014 action plan to ensure all training is completed and recorded in a timely</p>	<p>Responsible Manager: HR Manager</p> <p>Continue to review and</p>

		<ul style="list-style-type: none"> • There are dates in place for training for both supervisors and team leaders, but there is no evidence that training took place or who attended the training sessions. • There is no review date in place for any training that was completed. • There is no information that the employee in question still currently works for the Council. 	<p>leading to reputational damage and personal injury and non-compliance.</p>	<p>manner. Consider what the new system can provide in order to establish record integrity in regards to the current workforce training requirements, how it is reported and how potential training gaps can be identified.</p>	<p>explore how training can be monitored and recorded on the HR 21 system. By the end of the first financial quarter we will have a better understanding of the budgets allocation and the spend on training and training records.</p> <p>Implementation date: July 2019</p>
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Independence and Ethics:

- WIASS confirms that in relation to this review there are no significant facts or matters that impact on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 (revised 1st April 2017) and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- No non-audit or audit related services have been undertaken for the Council within this area of review.

Andy Bromage
Head of Internal Audit Shared Services

andy.bromage@worcester.gov.uk

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

APPENDIX B

Definition of Priority of Recommendations

Priority	Definition
H	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
M	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
L	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

THE 2020/21 INTERNAL AUDIT PLAN REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE, WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the Bromsgrove District Council Internal Audit Draft Operational Plan for 2020/21
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2020/21

2. RECOMMENDATIONS

2.1 **The Committee is asked to note the Audit Plan subject to any comments / proposed changes.**

2.2 **The Committee is asked to note the Key Performance Indicators.**

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

BROMSGROVE DISTRICT COUNCIL**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE****Date: 23rd JANUARY 2020**

To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

Service / Operational Implications**Internal Audit Aims and Objectives**

3.3 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisation changes e.g. transformation.

Formulation of Annual Plan

WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2020/21, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the council's risk management, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers. Large spend budget areas have also been considered, and, direct association has been made to the organisational objectives and priorities. The Internal Audit Plan for 2020/21 has been agreed with the s151 Officer, is being considered by the Senior Management Team and has been brought before Committee in draft form. It has been formulated with the aim to ensure Bromsgrove District Council meet its strategic purposes, delivers it's promises and has directly linked the various aspects to identify the 'golden thread' in regards to the objectives and risk identification to Service delivery. It is brought before the Audit, Standards and

BROMSGROVE DISTRICT COUNCIL**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE****Date: 23rd JANUARY 2020**

Governance Committee in draft format as the involvement of the Committee is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network assurance testing) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

By bringing a plan of work before the Audit, Standards and Governance Committee which had been formulated with the aim to ensure Bromsgrove District Council meets its strategic purposes it allows Members to have a positive input into the audit work programme for 2020/21 and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer. Due to the continuing changing environment that exists in Local Government the plan must be seen as a framework for internal audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a changing risk profile as well as emerging risks. To ensure flexibility there is the possibility that the plan will be updated during the year in order to address such challenges. It is planned that a review before Senior Management Team will take place to ensure the audit plan remains risk focussed and any required changes can be considered.

Resource Allocation

The Internal Audit Plan for 2020/21 has been based upon a resource allocation of 230 chargeable days, an allocation which has been agreed with the council's s151 Officer. A summary of the days as well as the detailed plan provision has been included at Appendix 1. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. Areas that are considered to have a 'high' priority will be targeted first in regard to the plan delivery. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts. The 230 day allocation is based on transactional type system audits and remains the same number of days as being delivered during 2019/20.

BROMSGROVE DISTRICT COUNCIL**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE****Date: 23rd JANUARY 2020**

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council the plan continues to be organised in a smarter way in order to exploit the efficiencies that this type of working provides. Although the audit areas will have an allocation of audit days the reviews will continue to be more cross cutting than before and will encompass the different service perspectives that the Services need to deliver (e.g. the customer journey impacts on the majority of service areas so the audit review will consider this). All or part of the budgeted days will be used on a flexible basis depending on the risk exposure the end result being better corporate coverage and ownership of the audit outcomes.

Due to both external and internal audit findings the financial systems have been included as audit areas as it is considered certain risks remain in these areas. It is hoped that in time a 'watching brief' approach can be adopted when there is a confidence in embedded process, control and anti fraud measures thus leading to a reduction in the allocated days. However, during 2020/21 this will not be the case due to a planned change in system. Operational support days are included to give a little flexibility and contingency in the plan e.g. consultancy but are necessary to support the delivery of the plan as a whole.

The Internal Audit Plan for 2020/21 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2020/21 will be closely monitored by the Head of Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit, Standards and Governance Committee on a quarterly basis.

The success or otherwise of the Internal Audit Shared Service will be determined by the performance against a set of key performance indicators which have been developed for the service. These have been agreed with the council's s151 Officer and are included at Appendix 2.

BROMSGROVE DISTRICT COUNCIL**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**Date: 23rd JANUARY 2020**Customer / Equalities and Diversity Implications**

There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

failure to complete the planned programme of audit work for the financial year; and,

the continuous provision of an internal audit service is not maintained.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan 2020/21

Appendix 2 ~ Key performance indicators 2020/21

6. BACKGROUND PAPERS

None

7. KEY

N/a

AUTHOR OF REPORT

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

APPENDIX 1

SUMMARY OF DETAILED PLAN

Planned Days	2020/21
Financial	60
Corporate Work	66
Service Delivery and Operational	68
Sub total	194
Audit management meetings	15
Corporate meetings / reading	5
Annual plans, reports and Audit Committee support	16
Sub total	36
TOTAL Audit Days	230

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2020/21 Plan	Proposed resource 2020/21
FINANCIAL					
Debtors	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	9
Main Ledger/Budget Monitor/Bank Rec	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	10
Creditors	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	9
Treasury Management (incl. Asset & Acquisitions)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	6
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	8
Benefits (Transformation)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	10
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High	<input checked="" type="checkbox"/> *	8
Sub TOTAL					60
CORPORATE					
IT Audit (Server patching and disaster recovery)	Fundamental to strategic purpose delivery	ICT 7 & ICT 8	Medium	<input checked="" type="checkbox"/> *	8
Risk Management (Critical Friend Support)	Fundamental to strategic purpose delivery	s151 request	Medium	<input checked="" type="checkbox"/> *	6
Health and Safety (Training Documentation including Operations and action plan monitoring)	Fundamental to strategic purpose delivery	Non compliance with Health and Safety requirements	Medium/ High	<input checked="" type="checkbox"/> *	7
Procurement (Consultants action plan implementation)	Fundamental to strategic purpose delivery	s151 request	Medium	<input checked="" type="checkbox"/> *	8
GDPR – (Limited assurance follow up)	Fundamental to strategic purpose delivery	N/a	Medium	<input checked="" type="checkbox"/> *	8
Orb – (Business critical reliance)	Fundamental to strategic purpose delivery	N/a	High	<input checked="" type="checkbox"/> *	9

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2020/21 Plan	Proposed resource 2020/21
Use of agency and consultants (Cost and specification)	Fundamental to strategic purpose delivery	N/a	Medium	<input checked="" type="checkbox"/> *	9
Projects (Critical Friend)	Fundamental to strategic purpose delivery	N/a	Medium	<input checked="" type="checkbox"/> *	11
Sub TOTAL					66
SERVICE DELIVERY					
Environmental					
Refuse Service scalability (new builds) (Critical Friend)	Keep my place safe and looking good	Env 24	Low/ Medium	<input checked="" type="checkbox"/> *	6
Leisure					
Markets (Limited assurance follow up)	Help me run a successful business	N/a	Low/ Medium	<input checked="" type="checkbox"/>	10
Worcester Regulatory Services					
	Statutory and Regulatory Requirement	Head of Service request	Medium	<input checked="" type="checkbox"/>	10
Sub TOTAL					26
Other Operational Work					
Advisory, Consultancy & Contingency	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	10
Fraud & Investigations incl. NFI	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	10
Completion of prior year's audits	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	8
Report Follow Up (all areas)	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	10
Statement of Internal Control	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	4
Sub TOTAL					42
Audit Management Meetings	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	15
Corporate Meetings / Reading	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	5
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	16
Sub TOTAL					36
TOTAL CHARGEABLE					230

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

Explanatory Notes:

*As part of the increasing joint and shared service working between Bromsgrove District Council and Redditch Borough Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 23rd JANUARY 2020

APPENDIX 2

Performance against Key Performance Indicators 2020-2021

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2020/21 Position (as at XXXXXXXX)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = XX	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	XX	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	XX	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	XX	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	XX	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (<5%)	XX	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	XX	When Audit Committee convene

WASS conforms to the Public Sector Internal Audit Standards (as amended).

APRIL – SEPTEMBER FINANCIAL SAVINGS MONITORING REPORT 2019/20

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

To report to the Committee the monitoring of the savings for April – September 2019/20. This report presents the savings delivered for the first quarter against those identified in the medium term financial plan (MTFP)

2. RECOMMENDATIONS

- 2.1 That the Committee note the final financial position for savings as presented in the report and at Appendix 1.

3. KEY ISSUES

- 3.1 This report provides a statement to show the savings the period April – September 2019/20 as detailed in the MTFP and approved by Council in February 2019.
- 3.2 The medium term financial plan included £332k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 1. £166k of these identified savings are in relation to estimated vacancies.
- 3.3 To quarter 2 £181k of the savings have been realised against the budgeted April 2019 to June 2019 savings of £166k.

In addition to the above officers have been required to find further savings throughout the financial year 2019/20. At quarter 2 additional savings (above those identified) have been realised of £558k. The full details of the savings are included in the Quarter 2 monitoring reports as presented to Cabinet in January 2020.

- 3.3 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring was

AUDIT STANDARDS AND GOVERNANCE COMMITTEE 23rd January 2020

recommended to be undertaken by this Committee and Grant Thornton further advised that the savings monitoring should be against the Medium Term Financial Plan.

3.4 As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.

3.5 Legal Implications

None as a direct result of this report.

3.6 Service/Operational Implications

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council

4. Customer / Equalities and Diversity Implications

None, as a direct result of this report.

5. RISK MANAGEMENT

Effective financial management is included in the Corporate Risk Register.

6. APPENDICES

Appendix 1 – Saving monitoring April – September 2019/20

7. BACKGROUND PAPERS

Available from Financial Services

AUTHOR OF REPORT

Name: Chris Forrester – Financial Services Manager (Deputy S151)
Email: chris.forrester@bromsgroveandredditch.gov.uk
Tel: (01527) 881673

BROMSGROVE - SAVINGS & ADDITIONAL INCOME FROM 19-20 BUDGET ROUND

Department	Strategic Purpose	Description of saving	2019-20 £'000	April - Sept 19/20	Comments	Quarter 2			
						On target Y/N	Additional (add to to in yr savings) £'000	below target Y/N	Pressure £'000
Community Services	Help me to live my life independently	Additional Income from new contract with Cannock Chase Council	-60	-30	New SLA with Cannock	Y			
Community Services	Help me to live my life independently	Additional Income from new contract with Cannock Chase Council - SLA with Cannock	-20	-10	New SLA with Cannock	Y			
Corporate Services	Enabling	New Print Contract	-29	-15	Savings realised on procurement of new print contract	Y			
Corporate Services	Enabling	Car Mileage	-2	-1	Reduction in Car Mileage	Y			
Corporate Services	Enabling	Community Group Funding	-5	-3	Budget has decreased due to the impact of the New Homes Bonus scheme reducing	Y			
Environmental Services	Keep my place safe & looking good	Review of budget allocations	-15	-8	Reductions in various materials, equipment & vehicle R&M budgets	Y			
Legal & Democratic	Help me find somewhere to live in my locality	Review of budget allocations within Land charges	-2	-1	Budget no longer required	Y			
Legal & Democratic	Enabling	Additional income on external legal work	-7	-4		Y			
Customer Services & Financial Support	Enabling	Reduction in operational budgets	-26	-13		Y			
Corporate Services	Enabling	Vacancy Management	-166	-83	2% on any employee that does not require agency cover	Y	-15		
			-332	-166			-15		0

115

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2019/20

23 January 2020

- Monitoring Officer's Report
- External Audit – Progress Report/Action Plan Update
- External Audit – Annual Audit Letter
- Internal Audit – Progress Report
- Senior Health & Safety Advisor to attend
- Internal Audit Plan 2020-2021
- Financial Savings Monitoring Report June to September 2019
- Risk Champion's Update Report
- Work Programme

5 March 2020

- Monitoring Officer's Report
- Annual Report
- External Audit – Progress / Action Plan Update Report
- External Audit – Certification Work Report 2018/19
- External Audit – Audit Plan March
- External Audit – Auditing Standards
- Internal Audit – Progress Report
- Internal Audit – Draft Audit Plan
- Housing Benefits Subsidy Account Report
- Financial Savings September to December 2019
- Risk Champion's Update Report
- Work Programme
- Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2020/21
- Treasury Outturn Update Report
- Capital Strategy
- Investment Strategy

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